Annual Report of the

FEDERAL MARITIME BOARD
AND
MARITIME ADMINISTRATION

1953

UNITED STATES DEPARTMENT OF COMMERCE

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UNITED STATES DEPARTMENT OF COMMERCE

SINCLAIR WEEKS, *Secretary*

Washington, D. C.

FEDERAL MARITIME BOARD

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MARITIME ADMINISTRATION

LOUIS S. ROTHSCHILD, *Maritime Administrator*

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Letters of Transmittal

UNITED STATES DEPARTMENT OF COMMERCE,
FEDERAL MARITIME BOARD,
MARITIME ADMINISTRATION,
Washington 25, D. C., November 13, 1953.

TO: *The Secretary of Commerce.*
FROM: *Chairman, Federal Maritime Board, and Maritime Administrator.*
SUBJECT: *Annual Report for fiscal year 1953.*

I am submitting herewith the report of the Federal Maritime Board and Maritime Administration covering their activities for the fiscal year ended June 30, 1953.

Louis S. Rothschild

LOUIS S. ROTHSCHILD.

SECRETARY OF COMMERCE,
Washington 25, D. C.

To the Congress:

I have the honor to present the annual report of the Federal Maritime Board and Maritime Administration of the Department of Commerce for fiscal year 1953.

Sinclair Weeks

Secretary of Commerce.

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FISCAL YEAR ACTIVITIES

Introduction

Faced with a great increase in foreign-flag tonnage and a foreign construction program at a high production level, the United States merchant marine was presented with its greatest postwar challenge. The United States merchant marine continued to provide the ocean transportation services necessary for military operations in Korea, mobilization and stockpiling programs at home, and foreign aid programs for free nations abroad. Despite this, foreign-flag carriers made substantial inroads into the commercial cargo movement. Many United States-flag operators began to encounter difficulty in acquiring sufficient cargoes, and some privately owned ships were in idle status or laid up because of insufficient cargo offerings.

Merchant ships in use

Utilization of Government-owned reserve ships for emergency purposes to supplement the private merchant fleet continued to be the National Shipping Authority's foremost responsibility. Government-owned ships, however, were used only to augment the work of the private merchant marine, not to compete with it. When commercial shipping requirements declined sharply and privately owned ships became available, Government-owned ships were returned to inactive status. In the fiscal year a major deactivation program involving Government-owned ships was successfully concluded.

The number of ships operated for the Government by general agents during the year declined from 183 at the start of the year to 108 by November 30, 1952, and then increased to 141 by the end of the year. These ships were all assigned for military use. Government ships on charter continued to decrease, from 91 on June 30, 1952, to 49 a year later, as privately owned ships became available and demand for ships declined.

By June 30, 1953, 57 ships from reserve fleets had, at the request of the Department of Agriculture, been put to use for grain storage. In addition, 68 ships, making a total of 125, were designated to be used for this purpose.

Ships in the reserve fleets were being preserved by the most modern techniques to keep them ready to serve again on short notice. Bottom preservation, by the cathodic method, was completely installed for the 366 ships in the James River Reserve Fleet, and was well under way at the Hudson River and Wilmington fleets.

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Modern ships are added

During the fiscal year, passenger ship construction ended and deliveries commenced from United States shipyards of modern cargo ships of the Mariner type. The yards continued to deliver large high-speed tankers for private United States-flag and foreign account.

By the end of the year, ten of the Mariners had been completed and delivered. The delivered ships were operated for the account of the United States under general agency agreement. These ships were designed to serve under conditions of modern warfare with a maximum assurance of safety. They incorporate the most advanced design and technological improvements, and can serve as replacements as ships in the present merchant fleet become obsolete. Pacific Far East Line, Inc., operating in the trans-Pacific trade, agreed to buy three of the fast Mariner ships. Uncompleted ships were selected as the most economical to effect changes desired for the company's particular service.

The last two of three converted troopships were completed and delivered to the Military Sea Transportation Service.

Construction and operating aid

Important items of unfinished business included determination of the contract prices under construction-differential subsidy for the passenger ships S. S. *United States*, S. S. *Constitution*, and S. S. *Independence*. With respect to the *United States*, the Attorney General was of the opinion that the contract was voidable by the Government, which could recover at least $10,000,000 of the sales price. On orders of the Comptroller General, subsidy payments in excess of $8,000,000 were withheld and the United States Lines Co. filed suit for recovery of that amount.

After further hearings the sales prices of the *Independence* and the *Constitution* were revised to figures representing a 45.84 percent construction-differential subsidy. The Comptroller General took exception to the redetermined prices.

Various proposals were submitted to purchase or build ships in fulfillment of replacement obligations in operating subsidy contracts. None of these was consummated because of lack of funds or contract authority, or the need for further study. Passage of a bill near the close of the last session of Congress liberalizing Federal insurance on private shipbuilding loans was aimed to encourage private financing. Effective January 1, 1953, 2 additional operators were given operating subsidy contracts, increasing the subsidized operators to 15. The newly subsidized companies operate in the Pacific trade and serve to meet increasing foreign-flag competition there. As the year closed, applications for operating aid were pending from 5 operators, 2 of them not now subsidized.

The computations and approvals of wage rates necessary for payment of operating-differential subsidies were completed through calendar year 1950 and nearly completed for 1951. Permanent rates on subsistence, maintenance and repairs, and voyage stores, supplies, and expendable equipment were completed through 1950 with two exceptions, and were well advanced for 1951.

During the year balances in construction reserve funds of a number of unsubsidized operators dropped substantially. The major reason for change was payments under ship acquisition or tanker construction contracts.

Ship sales and transfers

During the fiscal year 12 ships were sold for scrapping and nonoperation under the authority of the Merchant Marine Acts of 1920 and 1936 and the Federal Property and Administrative Services Act of 1949. This brought to 1,081 the number of ships of 1,500 gross tons and over which were sold under authority of these Acts subsequent to World War II. The total monetary return from the sale of these 1,081 ships exceeded $56,000,000. Authority to sell war-built ships from the Government fleets expired in 1951.

There was relatively little activity in transfer of privately owned ships to foreign registry; transfers were approved on 42 ships of 1,000 gross tons and over, barely half as many as in the previous year. Approvals were granted to domestic shipyards to construct 5 large tankers for foreign corporations.

Manning the ships and shipyards

Employment in private shipyards declined a little. The downward trend is expected to continue into 1954 due to the completion of many oceangoing ship construction contracts. Employment aboard privately owned ships was relatively stable, although total employment dropped with the withdrawal of Government-owned ships from service.

During the year 353 cadet-midshipmen successfully completed the 4-year course of instruction at the United States Merchant Marine Academy. The Tenth Congressional Board of Visitors, following its annual inspection of the Academy at Kings Point, N. Y., again issued a favorable report. The four State maritime schools graduated 280 officers.

The United States Maritime Service continued upgrading, refresher, and specialist courses at Sheepshead Bay, N. Y., and Alameda, Calif. The Sheepshead Bay station placed special emphasis on training in handling the high speed machinery of the Mariners. At the request of Great Lakes shipping firms converting ships from reciprocating engine to modern turbine drive, special courses were given to 121 Great Lakes officers and crew in modern machinery operation.

Shoreside facilities

Within 8 years new piers will be constructed and other steps taken to modernize the Hoboken, N. J., terminal as a result of the lease of the terminal to the city of Hoboken for simultaneous subleasing to the Port of New York Authority.

Warehouse inventories increased approximately $5 million through the stripping of marine equipment and supplies from the several hundred ships returned to reserve fleets from operation.

Nearly half a million dollars net were received from the leasing of Government-owned shipyards and terminals. In addition, several hundred thousand dollars were obtained from rental of vital machine tools and equipment.

Regulatory developments

Increasing competition for cargo offerings resulted in sporadic rate wars in various areas. Various conferences applied to the Board for authority to institute dual rate systems. In one case the preliminary ruling of the Board, permitting a dual rate system, was appealed to court.

An important decision was rendered by the United States Court of Appeals holding that railroads operating ocean terminals are subject to the provisions of the Shipping Act, 1916. Increases in freight rates were largely confined to Alaskan and Hawaiian trades, with increased operating costs largely responsible.

International relationships

The Maritime Administration cooperated with the Department of State in training programs and provision of consultants for shipping and port development programs of several foreign countries. The Maritime Administration also continued to work with the Department of State to induce removal of foreign discriminations against American shipping. The responsibility for gearing our ocean shipping activities into any allied shipping authority in the event of global war rests primarily within the Department, and the Maritime Administration continued its representation on the Planning Board for Ocean Shipping of the North Atlantic Treaty Organization.

Ship Operations

The National Shipping Authority during the year ended June 30, 1953, continued to fulfill its basic responsibilities of (*a*) meeting the need for utilization of the nation's merchant fleet during a national emergency by utilizing the privately operated American-flag merchant fleet, and administering, as deficiencies arose in the number and type of privately owned ships, the operation of Government-owned ships through general agents selected from private operators; and (*b*) administering long-range activities involving ships in which the Government has an interest.

General agency activities

In the general agency program, particularly significant were:

1. Successful conclusion of a major ship deactivation program which involved (*a*) determination of military shipping requirements and availability of private ships, (*b*) determination of the ships to be removed from general agency operation, (*c*) resolution of major policy matters and problems and otherwise liquidating a large scale operation, and (*d*) deactivation, repair, and return of ships to reserve fleets.

2. Administration of a sizeable continuing program involving 48 general agents for the operation of 183 ships at the commencement and 141 ships at the end of the year. The status of the continuing general agency activity is reflected by the following:

Year and month ending—	Ships in operation	Year and month ending—	Ships in operation
1952—June 30	183	1953—Jan. 31	110
July 31	143	Feb. 28	110
Aug. 31	124	Mar. 31	131
Sept. 30	116	Apr. 30	141
Oct. 31	115	May 31	141
Nov. 30	108	June 30	141
Dec. 31	109		

The administration of general agency agreements included:

1. Fixing amounts of compensation payable to general agents for services rendered in liquidating the business of operating Government-owned ships.

2. Establishment of procedures for prompt adjudication and settlement of disputed expense items.

3. Successful negotiation with subagents in Japan and Korea for the purpose of fixing fees for services applicable to ships operating in that area.

4. A plan for holding ships at ports in a semireadiness status pending assignment of cargoes by the Military Sea Transportation Service.

5. Continuous evaluation of the per diem rates for ships engaged in the Military Sea Transportation Service programs.

6. Constant evaluation of the operating performance and efficiency of general agents and institution of measures to increase efficiency and economy of operation of Government-owned ships.

7. A safety program containing accident prevention techniques which had proved successful in some of the more progressive steamship companies.

8. Ship repair and maintenance activities.

Charters

Whereas there was a diminishing need for general agency ships so also was there a declining need for Government-owned bareboat-chartered ships brought about by the fact that there were more privately owned ships available at reasonable rates and conditions. Accordingly, while there were 91 ships under bareboat charter on June 30, 1952, this number had dropped to 49 by June 30, 1953. The annual totals by types of service and authority were:

	June 30, 1952	*June 30, 1953*
Merchant Ships Sales Act, 1946:		
Offshore trades (including Alaskan and MSTS)	56	26
Coastwise and intercoastal trades	16	3
Merchant Marine Act, 1936: Offshore trades	4	5
Public Law 101, 77th Cong.: Great Lakes and ferry services	7	7
Philippine Rehabilitation Act: Philippine interisland service	8	8
Total	91	49

Included in the ships redelivered were the remaining six ships chartered to the Military Sea Transportation Service. All ships assigned to the MSTS program were then on a general agency basis.

In accordance with Public Law 591, Eighty-first Congress, an annual review was made as of June 30, 1952, of bareboat charters of Government-owned, war-built, dry cargo ships made pursuant to the Merchant Ship Sales Act of 1946, as amended. It was found after public hearings that conditions did not justify continuance of the charters of five Liberty ships in the intercoastal trade, 3 Victory ships in offshore trades, and 5 Liberty ships in the Alaskan or Pacific coastwise trades.

Ship repair and maintenance

Thirty Victory ships were withdrawn from reserve fleets for operation under general agency agreements. Surveys were conducted on these ships and all repairs were closely supervised. The total cost of reactivation repairs to these ships was approximately $2,250,000. Repair inspections as required were made on ships in voyage status to ascertain repairs necessary to insure safe and proper operation; 900 repair specifications were prepared or screened. During the fiscal year, 75 general agency ships were returned to reserve fleets. Such repairs as were necessary for seaworthiness were accomplished prior to lay-up. Surveys were also conducted on each ship to record defects requiring correction and estimated costs thereof should the need arise for subsequent withdrawal of the ships. The cost to deactivate the 75 ships amounted to approximately $2,000,000.

Condition surveys and 2,000 repair inspections were performed on all of the 255 ships participating in the operating-differential subsidy program. Summaries submitted by operators in excess of 40 million dollars of repair work were reviewed for eligibility for subsidy, and only 27 million dollars was recommended to be allowed.

Surveys conducted on ships sold under Government mortgage totaled 737. Inspections were made on 71 ships sold for scrap.

Traffic activities

Attention was devoted to United States-flag participation in movements financed by our Government, including contact with Mutual Security Agency, whose basic statutory mandate provides for 50 percent participation; General Services Administration, which imports commodities for the national stockpile not subject to such United States-flag preference; Export-Import Bank; Department of Agriculture; and others.

In compliance with Public Resolution 17, Seventy-third Congress, the Export-Import Bank requires shipments under its credits to move in United States ships unless the Maritime Administration recommends waivers permitting participation of foreign-flag ships. Various proposals of borrowing interests to use foreign-flag ships were investigated as to the availability of United States-flag services, with the result that a number of waivers were granted, and in other cases, substantial movements of cargo were preserved for the United States-flag lines. A number of general waivers were also granted permitting ships of recipient nations to share with ships of United States registry the carriage of goods financed under certain lines of credit. These concessions were considered in the light of the treatment accorded to our own ships in the applicant country.

To assist in the selection of private freight forwarders for relief and rehabilitation movements the Maritime Administration maintained the registration of forwarders under General Order 70 and section 217, Merchant Marine Act of 1936, as amended. During the year 10 applications of forwarders were processed, of which 9 were approved; 11 firms were deleted at their own request and a number of branch houses were added and deleted. About 600 firms were on the list, in addition to about 170 branch houses.

Renewed complaints were received from the forwarding industry that the Department of Defense was competing with private industry when doing its own forwarding with its own personnel in shipment of military cargo and civilian supplies in the defense assistance program. The Department of Defense has agreed to use forwarders registered under General Order 70 in those cases where the services of private forwarders are required. The Maritime Administration does not have authority to intervene in decisions of the Department of Defense as to the forwarding services necessary for reasons of military safety, security, or efficiency, but continues to keep that department, and other Government agencies, informed of the facilities offered by registered private forwarders.

Grain storage

The 1953 grain storage program commenced with the request for 50 ships of the Liberty cargo type by the Secretary of Agriculture on March 11, 1953. These ships were made available from the Hudson River reserve fleet for loading at the port of New York and return to the fleet. The first of the ships was removed from the fleet on April 14, 1953. On May 25, 1953, the Department of Agriculture requested expansion of the program by increasing the number of ships originating in the Hudson River reserve fleet to 75 and supplementing them by 50 ships from the James River reserve fleet. By June 30, 1953, 57 ships had been withdrawn and 39 returned, loaded with 8,817,000 bushels of grain.

Ship custody

At the close of the fiscal year there were 1,932 ships in the reserve fleets. During the year 128 ships were withdrawn and 207 taken into the fleets, for a net increase of 79 ships. These totals include ships temporarily withdrawn for stripping and returned, withdrawal and reentry of ships for grain storage, and a net decrease in ships engaged in economic and military aid programs. The following is a tabulation of ships in the fleets by months:

Reserve fleet	1952						1953					
	July 31	Aug. 31	Sept. 30	Oct. 31	Nov. 30	Dec. 31	Jan. 31	Feb. 28	Mar. 31	Apr. 30	May 31	June 30
Astoria, Oreg	187	195	196	198	199	201	201	201	200	200	200	200
Beaumont, Tex	186	188	188	188	188	188	189	189	189	185	185	185
Hudson River, N. Y	133	138	136	138	139	139	139	140	132	123	126	122
James River, Va	361	372	378	384	385	385	388	387	378	375	375	366
Mobile, Ala	293	293	293	293	293	293	292	292	292	292	292	292
Olympia, Wash	84	85	93	97	99	101	101	101	101	101	103	103
Suisun Bay, Calif	336	337	338	334	340	340	340	340	339	339	337	337
Wilmington, N. C	326	327	327	327	327	327	327	327	327	327	327	327
Total	1,906	1,935	1,949	1,959	1,970	1,974	1,977	1,977	1,957	1,942	1,945	1,932

Administrative and supply functions, transportation of personnel and materials, security patrol, and guard service comprised a few of the important fleet activities which supported the ship preservation program. The security personnel were almost all designated as "Special Police" under a delegation of authority from the Administrator, General Services Administration. Refresher training was given as funds permitted to insure their ability to fight fire and handle ship damage effectively.

The basic lay-up and preservation (other than cathodic protection) of ships in the reserve fleets reached 86 percent of completion. The greater part of the manpower available was applied to the 530 ships returned to the fleets from the various aid programs and the Korean emergency. Only 28 percent of the year's workload of recurring preservation work was completed, because of the need to concentrate man-power on the more critical basic work.

Design installation studies were completed and a program for placing ships in east coast reserve fleets under cathodic protection was undertaken. By June 30, 1953, the 366 ships in the James River fleet were under full protection and the program at the Hudson River fleet was 8 percent complete and at Wilmington, 38 percent complete. It is estimated that all ships in the last 2 fleets will be under protection within a few months.

Tanker services

Tanker services included providing information to other agencies, participation in defense tanker construction planning, and administration of the voluntary tanker plan for industry cooperation. Under the voluntary tanker plan the tanker industry, participating nearly 100 percent, continued to meet all requirements of the Military Sea Transportation Service for tonnage needs beyond its own capacity. During the year 296 voyages were made, providing 214,515,000 deadweight ton-days of service.

Shipbuilding

New construction

At the beginning of fiscal year 1953, 37 ships were being constructed under Maritime Administration contracts. Two were completed for the Military Sea Transportation Service as dependent transports, the U. S. N. S. *Geiger* which was delivered on September 13, 1952, and the U. S. N. S. *Upshur*, delivered on December 20, 1952. Final guarantee surveys were conducted on these ships and on the U. S. N. S. *Barrett*, previously delivered.

The remaining 35 ships under contract were of the Mariner type, authorized by special legislation. Five ships were being built by each of 7 shipyards. By the end of the fiscal year, 10 of these ships had undertaken successful trials and were accepted for delivery as follows:

Old Dominion Mariner	Oct. 8, 1952	Lone Star Mariner	Dec. 22, 1952
Keystone Mariner	Oct. 15, 1952	Cornhusker Mariner	Jan. 5, 1953
Old Colony Mariner	Oct. 28, 1952	Buckeye Mariner	Feb. 26, 1953
Tar Heel Mariner	Nov. 11, 1952	Mountain Mariner	Mar. 25, 1953
Free State Mariner	Dec. 18, 1952	Pine Tree Mariner	Apr. 3, 1953

Twenty-one more Mariners are scheduled for delivery in fiscal year 1954; and the remaining four in 1955. The delivered Mariners had been operating under general agency agreement for several months and were reported to be excellent ships with high operational and cargo handling efficiencies. Under trial conditions these ships had a speed of almost 22 knots. Summaries of all ship construction may be found in appendixes A, B, C, and D.

Section 505 (b) of the Merchant Marine Act, 1936, as amended, states that profit limitation shall not apply to contracts or subcontracts for scientific equipment used for communication and navigation, nor to contracts under which the United States pays only for national defense features. No contracts or subcontracts were made in either category during fiscal year 1953.

Material control

Under the controlled materials plan of the Office of Defense Mobilization, the Maritime Administration continued acting as claimant for all seagoing merchant ship construction. After the setback of the steel strike of the preceding fiscal year, shipments of controlled materials were gradually increased throughout fiscal year 1953. However, since merchant shipbuilding did not have a priority position, it was impossible to meet fully the schedule of ship deliveries.

During the year there were processed 18 applications for accelerated tax amortization, as authorized in the Internal Revenue Code, covering the building or conversion of ocean-going ships. Of these, 11 were recommended to the Office of Defense Mobilization for approval and seven for denial. Two applications, amounting to $47,500,000, for guaranteed loans under the Defense Production Act of 1950, were recommended for denial, which action was upheld by the Office of Defense Mobilization and the Reconstruction Finance Corporation.

In coordination with the Munitions Board, Office of Defense Mobilization, and other claimant agencies, planning was continued for merchant ship construction in the event of full mobilization. Additional requirements were developed for industrial facilities and critical major components to support such construction.

Conversions

Pursuant to contracts previously awarded to Gibbs & Cox, Inc., of New York, plans and specifications were being prepared for future conversion of the partially completed S. S. *Monterey* and the completed S. S. *United States* to troop transports. Similarly, in connection with the design contract for the Mariner ships, Bethlehem Steel Co., Shipbuilding Division, Quincy, Mass., was preparing plans and specifications for the future conversion of the Mariners to Navy (AKA) attack cargo ships and (APA) attack troop transports. The Maritime Administration was acting as the Navy Department's agent in these projects for Navy account.

Under the provisions of Public Law 856, Eighty-first Congress, three ships were sold to the Wisconsin-Michigan Steamship Co. for conversion. The conversion of one to a bulk carrier was completed. The second bulk carrier is scheduled for completion early in fiscal year

1954, and the third ship, to be converted to a passenger-package freight carrier, is tentatively scheduled for completion in approximately 1 year.

Building proposals

Under the Economy Act of 1932 the Department of the Navy requested the Maritime Administration to have constructed for Navy account two refrigerated stores ships, since these are basically commercial ships with special Navy features and requirements. Bids were opened on April 20, 1953, with Ingalls Shipbuilding Corp. at Pascagoula, Miss., the low bidder. Certain conditions were attached to the low bid, and before clearance was obtained from the General Accounting Office, exceptions were taken by Members of Congress. At the close of the fiscal year no award had been made.

Preliminary plans and specifications were submitted by Moore-McCormack Lines, Inc., for construction of 2 combination passenger-cargo ships to replace 3 Government-owned ships being operated by them. Technical investigation indicated the proposed ships were satisfactory for the intended service. Studies continued on the possibility of adapting Mariner ships to the requirements of American President Lines, Ltd., Oceanic Steamship Co., and Moore-McCormack Lines, Inc.

The Pacific Far East Line, Inc., made application for the purchase of three Mariners with extensive changes to suit their trade. The last three ships to be delivered by the Bethlehem Pacific Coast Steel Corp. were selected as most economical to change, but a suit by American President Lines, Ltd., over trade route assignments delayed final agreement with Pacific Far East Line, Inc.

Technical developments

The Maritime Administration continued its participation in the inter-departmental Ship Structure Committee, studying structural failures of ships. During fiscal year 1953 this work produced a practicable method of obtaining shipbuilding steel of much greater resistance to cracking. Studies were also undertaken with other technical groups on seaworthiness of ships, improved procedures for testing machinery and ship vibrations, development of welding standards in ship construction, and improvement of marine lighting. Coordination was continued with the United States Coast Guard and the American Bureau of Shipping in the development of improved marine design practices.

Basic design studies were conducted of a ship meeting the demands of mobilization, which were formulated subsequent to the design and construction of the S. S. *Schuyler Otis Bland.* This ship would be suitable for competitive commercial service and incorporate latest developments in cargo handling features. Investigations were continuing on methods of improving cargo handling and consequent lessening of ship turn-around time in port. The Maritime Administration sponsored two research and development studies with respect to cargo handling, one, a contract with the University of California at Los Angeles and the second, the National Research Council cargo handling improvement program, a joint Department of Commerce-Department of Defense program.

Inspections were conducted at manufacturers' plants on outfitting equipment, furniture, materials, and paint for new construction, reserve fleets, ship operations, and merchant marine academies. Such items totaled in excess of $2,000,000 and included over 470,000 gallons of paint. Experimental paints were being tested under water and at tide level to evaluate present paint systems and new products.

Aid to Shipping

Construction-differential subsidy aid

In accordance with the recommendation of the Committee on Expenditures in the Executive Departments, House of Representatives, a redetermination had been undertaken of the sales price of the S. S. *United States*, as set by the former United States Maritime Commission. The basic calculation was completed. Title to the ship was delivered to United States Lines Co. in June 1952, and the question of legality of the sales contract was referred by the President to the Attorney General, who advised that the contract was voidable at the Government's election and the Government could in the event the matter was resolved in court, recover at least $10,000,000. The Comptroller General was holding for offset, vouchers of United States Lines Co. covering operating-differential subsidy in excess of $8,000,000. A suit in the United States Court of Claims was filed by the United States Lines Co. to recover the withheld moneys, which suit may involve determination of the validity of the sales contract.

Recalculation of the construction-differential and national defense allowances applicable to American Export Lines' ships, S. S. *Independence* and S. S. *Constitution* had been completed in the prior fiscal year and the base foreign cost (after revised national defense allowances) had been determined to be 27.07 percent less than the base domestic cost ($23,733,000), or $17,308,000 per ship. American Export Lines, Inc., however, had requested new hearings to present new evidence available in Holland and the Board had agreed. As a result of conferences held in Holland and hearings in Washington of new and additional evidence submitted by American Export Lines indicating availability of a currency discount, the Board's redetermined base foreign cost was revised to $12,396,310 per ship, representing a construction-differential of 45.84 percent and revised sales price, after changes and escalation, of $14,036,751 for the S. S. *Independence* and $14,436,956 for the S. S. *Constitution.* The Comptroller General took exception to these revised determinations and it was agreed that no further payments of operating subsidy would be made until the exceptions were resolved. At the close of the year this agreement was still in effect.

Of the 20 ships on which redeterminations of construction-differential subsidy allowances on betterments were pending, recomputed rates on the 6 ships reconstructed for American President Lines and Moore-McCormack Lines were completed and pending before the Board, and a report and recommendations on the Mississippi Shipping Co.'s 10 ships had been finalized for submission to the Board. The Board suspended action on recomputed subsidy rates applicable to 4 ships reconstructed for American Export Lines, pending decision of the Court of Claims on the validity of the sales contract in the United States Lines case. In addition, recommendations in regard to construction-differential subsidies for the S. S. *Schuyler Otis Bland* and the Mariner ships were before the Board.

Sources and collection of foreign shipbuilding cost information were strengthened and considerable progress was made in obtaining this foreign cost information in compliance with section 211 of the Merchant Marine Act.

With respect to the contractual obligation of American President Lines, Ltd., to acquire replacement ships for its subsidized services, the company was requested again to finalize its plans and submit application for construction aid. With respect to its trans-Pacific passenger-freight service, American President Lines proposed to purchase the S. S. *President Cleveland* and S. S. *President Wilson,* chartered ships now operating in that service, but the ships could not be sold under existing legislation. On June 30, 1953, there was pending before the Secretary of Commerce a recommendation with respect to such proposed legislation. Moore-McCormack Lines, Inc., filed application for aid in construction of 2 new ships of approximately 700-passenger capacity each, to replace the S. S. *Argentina,* S. S. *Brazil,* and S. S. *Uruguay,* which comprise the "Good Neighbor Fleet." Grace Line Inc. in February 1951 had filed an application for aid in construction of two combination passenger-freight ships but had requested that no action be taken until its application for operating subsidy on the route was acted on. Subsequent to the Board's award of operating subsidy to Grace Line Inc., in September 1952, the company submitted preliminary plans and data with respect to the proposed new ships and the application was being processed. In 1949 the Mississippi Shipping Co., Inc., filed an application for construction-differential subsidy aid for the construction of a passenger and cargo ship, which was processed through the former United States Maritime Commission, but the application lapsed pending determination as to the existence of foreign-flag competition. After the Board determined that substantial foreign-flag competition existed, the company submitted data and its analysis of passenger requirements for the service, which were being studied. The New York & Cuba Mail Steamship Co. was interested in constructing new cargo ships similar to the C1–B type that it now operates, but at the end of the fiscal year the Maritime Administration had not concluded its study of whether combination ships should be acquired for this service. The obligation of The Oceanic Steamship Co. to acquire new ships for its subsidized service cannot be invoked until it is determined whether passenger or combination ships are required; considerable progress was made on this study. The obligation of Pacific Transport Lines, Inc., a new operator subsidized during the fiscal year, to replace a Victory-type ship was satisfied by the purchase of a C3 ship from Moore-McCormack Lines, Inc. Negotiations with respect to the obligation of Pacific Far East Line, Inc., also a new operator subsidized during fiscal year 1953, to replace 3 Victory ships with 3 Mariners, were nearly completed.

An application of American-Hawaiian Steamship Co. for construction-differential subsidy aid in the conversion of three C4-type ships to ore carriers was approved in principle by the Board and construction-differential subsidy rates were completed. However, in the absence of the necessary appropriation, no contract could be executed to pay a construction subsidy and the company awarded the contracts to Japanese shipyards. The Colonial Steamship Corp. filed application for construction-differential subsidy and mortgage aid in the construction of 6 new 29,250 dead-weight-ton, 17½-knot tankers. At the close of the year, additional data were being awaited from the applicant. Two applicants for mortgage and construction aid in the building of one tanker each (Atlantic Ocean Steamship Co. and Stockard Steamship Corp.) were advised that further consideration could not be given unless the companies were agreeable to the construction of faster ships. Neither company replied, and the applications were dismissed without prejudice to the right to reapply for aid if willing to meet the requirement.

Operating-differential subsidy aid

Operating subsidy contracts with two new operators (Pacific Far East Line, and Pacific Transport Lines, Inc.) were entered into, each effective January 1, 1953. The application of Grace Line Inc., for operating-differential subsidy on Trade Route No. 4, was approved by the Board and that service was incorporated in their existing subsidy contract. In accordance with section 605 (b) of the 1936 act, the Board found it to be in the public interest and issued formal orders to grant operating-differential subsidy for the operation of the S. S. *Argentina*, S. S. *Brazil*, and S. S. *Uruguay* (operated by Moore-

McCormack Lines, Inc., on Trade Route No. 1) and the S. S. *Santa Paula* and S. S. *Santa Rosa* (operated by Grace Line Inc. on Trade Route No. 4), each over 20 years of age. With respect to the Moore-McCormack Lines ships, the Board found that the company was committed to replace the ships upon request and, upon review, found no reason to disturb the findings of the former Maritime Commission that there was substantial foreign-flag competition and an operating subsidy was necessary to meet such competition. With respect to the Grace Line ships, the Board found that operation of the ships was required to meet foreign-flag competition and to promote the United States foreign commerce and that an application had been filed for aid in construction of replacement ships.

On June 30, 1953, application for operating-differential subsidy contracts were pending from the following subsidized companies:

1. Gulf & South American Steamship Company (jointly owned by Grace Line Inc., and Lykes Bros. Steamship Co., Inc.), Trade Route 31: A report and recommendation was submitted to the Board in March 1952 and supplemented in April 1953.
2. United States Lines Co., Trade Route 8: A study was being made of ship type requirements for Trade Route 8.
3. American President Lines, Ltd., Trade Route 17: Some hearings were held, to be resumed in August 1953.

Applications for operating subsidy were pending from the following new operators:

1. Bloomfield Steamship Co., Trade Routes 13 and 21: On July 1, 1953, the Board determined that Section 605 (c) of the 1936 act did not bar an operating-differential subsidy.
2. South Atlantic Steamship Line, Inc., Trade Route 11: A closed hearing was authorized concerning waivers under section 804 of the 1936 act, but deferred until the recommendation on the application for operating subsidy has been submitted to the Board, which cannot be done until the company has furnished additional information.

In addition, there were pending applications from American Export Lines, Inc., Lykes Bros. Steamship Co., Inc., and Grace Line Inc., for increases in the number of subsidized sailings on Trade Route Nos. 10, 22, and 25, respectively. Limitations in the 1954 appropriation act on voyages eligible for subsidy may preclude the Board from disposing of all of the foregoing applications on their merits during fiscal year 1954.

By June 30, 1953, the Board had acted on permanent subsidy rates applicable to 1947 through 1950 for wages of officers and crews of ships of all operators under subsidy in those years and had approved or had before it final wage rates for 1951 for eight operators. The Board also had taken action or had before it permanent subsidy rates on subsistence for all operators through 1950; on maintenance and repairs for five operators through 1951; and all but one operator through 1950; and on voyage stores, supplies, and expendable equipment, for all operators except one through 1950. As a result of improved methods and assignment of additional personnel, the greatly increased number of permanent rates computed was as follows: Wages, 111; subsistence, 159; maintenance and repair, 79; and stores, supplies, and equipment, 79. A manual was compiled for use by the United States Foreign Service covering requirements of the Board for collection of foreign operating cost data. A number of management surveys of operations of subsidized lines were completed, which were beneficial in establishing the propriety of costs eligible for subsidy, as well as nonsubsidized costs.

On June 30, 1953, a total of $124,079,552 net advance subsidy payments (after recapture required to be withheld) had been made to all operators who held contracts prior to January 1, 1953. This amount represented payment on account from the date of postwar resumption or commencement of subsidized operations through calendar year 1952 in the case of 11 operators, and September 1952 in the case of 2 operators. A summary of operating subsidy contracts is given in appendix E. The amount of recapture paid to the Government did not change from that shown in appendix I of the 1952 report.

Construction reserve funds

On June 30, 1953, balances in 18 construction reserve funds of 16 unsubsidized ship owners or operators totaled $4,664,000, compared with $11,936,000 on June 30, 1952, in 13 funds of 12 operating owners. Ten new funds were authorized, two tentatively to permit deposits prior to determination of eligibility for tax deferment benefits. One of the two tentative deposits was later withdrawn, with payment of the applicable tax.

Deposits in the funds amounted to $11,698,000 and withdrawals totaled $18,970,000. Of the latter, $3,111,000 represented payments to the United States under new ship acquisition contracts, and $8,768,000 were disbursed to American shipyards for construction of four large tankers. Withdrawals of $7,091,000 for other purposes were on notice to the Commissioner of Internal Revenue for assessment of the applicable tax.

Federal ship mortgage aid

No additional contingent obligations were assumed for mortgage insurance in aid of ship construction or reconstruction. The owners of three tuna clippers under mortgage insurance in the original amount of $250,000 each, with the aid of forbearance agreements negotiated with the insured mortgagee and consented to by the Maritime Administration, were enabled to maintain the mortgages in good standing. Within the year the outstanding indebtedness, representing the contingent liability of the Government, was reduced to $370,833. In the same period mortgage insurance premium receipts of $3,893 increased the Federal ship mortgage insurance fund to $25,908.

Voluntary deposits and waivers

In order to aid subsidized operators to build up their reserve funds for new construction, the Maritime Administration approved voluntary deposits by American Mail Line, Ltd., Farrell Lines, Inc., Lykes Bros. Steamship Co., Mississippi Shipping Co., Inc., Moore-McCormack Lines, Inc., The Oceanic Steamship Co., Pacific-Argentine-Brazil Line, Inc., and Seas Shipping Co., Inc. Existing section 804 waivers of American Export Lines, Inc., Farrell Lines, Inc., and Mississippi Shipping Co., Inc., were continued, and the waiver of Pacific-Argentine-Brazil Line, Inc., for its affiliate company to act as husbanding agent in Puerto Rico for foreign-flag ships, was terminated. Recommendations with respect to the outstanding waivers of Grace Line Inc., Lykes Bros. Steamship Co., Inc., American Mail Line, Ltd., and Mississippi Shipping Co., Inc., were in process.

Shipping Studies and Reports

Ship, cargo, and labor data

Additional progress was made in the long struggle to reach currency in collecting and processing reports covering entrances and clearances of ships of all flags in the foreign trade of the United States. By May 30, 1953, some 32,000 reports for calendar year 1952 had been processed. Delinquency in filing was substantially reduced and better quality of reporting was obtained. Statements showing the United States and foreign-flag competition encountered by each of the 41 subsidized services during calendar year 1951 were prepared. Also, considerable data covering a wide variety of information were developed and furnished to other offices of the Maritime Administration, Federal Maritime Board, other Government agencies, and congressional committees.

Special studies and periodic reports

Altogether more than 80 periodic reports and special studies were prepared on shipping and related matters, including those in appendixes F and G. The most important of the special studies were:

American Merchant Marine and the Federal Tax Policy.
Merchant Fleets of the World, 1939–52.
Maritime Labor Directory.
Shipyard Employment, 1940–52.
Seafaring Wages, 1918–52.
Seafaring Employment, 1923–53.
Strikes in the Water Transportation Industry.
Report and analysis of ocean-borne traffic at 35 selected United States seaports.

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Of the periodic reports, the most important were:

United States Flag Dry Cargo Projected Ship Employment Report. Monthly.
Number of Ships Withdrawn From the Maritime Administration's Reserve Fleet. Monthly.
Status of American Merchant Marine. Monthly.

Analyses, tables, and charts prepared for Congressional hearings included:

Former United States Flag Merchant Ships Transferred to Foreign Flags and Reported To Be Trading With the Soviet Bloc in the Far East During the Period July 1, 1950, to December 31, 1952. (McCarthy Subcommittee.)

Some 30-odd tables, charts, and analyses were prepared for hearings before the Subcommittee of the Committee on Interstate and Foreign Commerce in regard to various problems of the United States merchant marine. In addition, tables submitted by industry groups were derived from Maritime Administration statistics. Senator Potter, Chairman, Special Subcommittee on Maritime Subsidies, complimented the presentation of charts and stated that "* * * it would be essential that the necessary statistics be kept up."

Trade routes

Comprehensive reviews were completed on 6 essential foreign trade routes and detailed work was well-advanced on 8 other routes (Nos. 2, 12, 14, 15–A, 15–B, 20, 22, 23, 24, 25, 27, 29, 30, and 31). An *Introduction to Reviews of Essentiality of United States Foreign Trade Routes*, outlining the legislative authority for, and the purpose and scope of, the trade route reviews, was completed for use in connection with each individual report. This publication is available through the Superintendent of Documents.

More than 5,200 tentative, revised, and final sailing schedules of ships operated by subsidized lines were reviewed. This work included analysis and recommendations on numerous specific permissions requested in connection with subsidized sailings.

Reports surveying the extent of foreign-flag competition encountered by each subsidized service during calendar year 1951 were completed, as were similar reports on a substantial number of services for calendar year 1950 and prior years. Special trade route and traffic studies were made on a number of operators' applications for construction and operating subsidy.

Ship Sales and Transfers

Ship sales

Of the 1,956 ships which were sold under the Merchant Ship Sales Act of 1946, as amended, all desirable features accounts had been processed. However, the recent decision of the courts in the *Bull*

Line case will require adjustments on approximately 1,500 ships. On all ships sold on which the Maritime Administration granted allowances for conversion and class repairs, the certified evidence of performance of these obligations had been processed on all but six.

Eleven ships were sold during the year under authority of the Merchant Marine Acts of 1920 and 1936, and one ship was sold under the Federal Property and Administrative Services Act of 1949. Eleven of these ships were sold for scrapping and one for nonoperation. The monetary return for these 12 ships was $313,900. This brought to 1,081 the number of ships of 1,500 gross tons and over which were sold subsequent to World War II under authorities other than the Merchant Ship Sales Act of 1946. The total monetary return for these sales was $56,502,025. In addition, the Maritime Administration had transferred 14 ships to other Government agencies without reimbursement and had approved abandonment of 22 ships.

Four ships were returned during the year to their former owners under the provisions of Public Law 305, Seventy-eighth Congress.

Investigation of ship purchasers

Three investigations were conducted to determine whether certain corporate purchasers of ships under the Merchant Ship Sales Act of 1946, as amended, were qualified as United States citizens. Because of the corporate affiliations of certain purchasing companies, these involved the investigation of 27 different corporations, owning 16 ships. It was determined that one group of 16 affiliated corporations owning 10 ships should be called to the attention of the Department of Justice for possible civil and criminal action.

A favorable decision was handed down by United States District Court in connection with forfeiture proceedings instituted previously by the Department of Justice against one tanker. That decision was appealed by the owners. The Department of Justice proceeded on similar premises against a number of other ships and had seized 16 such ships. None of these latter cases had gone to trial.

Transfers to foreign ownership and/or registry

Appendix H lists applications approved pursuant to sections 9 and 37 of the Shipping Act, 1916, as amended. This appendix includes transfers to foreign ownership and/or registry of ships owned by United States citizens and approvals granted to United States shipyards to build ships for foreign corporations. Of the total transferred, 455 were ships of less than 1,000 gross tons, such as tugs, barges, fishing ships, and pleasure craft. The remaining 42 ships were of 1,000 gross tons and over.

At the beginning of the fiscal year, the Maritime Administration announced its policy in considering applications pursuant to sections 9 and 37 of the Shipping Act, 1916, as amended, with respect to ships of 1,000 gross tons and over. The approvals listed in appendix H for such ships were granted on that basis including conditions on operation and control over subsequent transfers of ownership, and availability to the United States if required. Exceptions to the standard conditions were sales to aliens for scrapping. In all cases, an agreement and bond were required to guarantee performance of the conditions imposed. In June of 1953 a more stringent control over the export of iron and steel scrap was announced by the Department of Commerce and the Maritime Administration was authorized to deny applications for the sale to aliens of ships located in the United States for scrapping abroad.

During the year, 9 (8 ships of 1,000 gross tons and over; 1 ship under 1,000 gross tons) applications for approval of the transfer of United States privately owned ships to foreign ownership and registry were denied. A number of violations of sections 9 and 37, Shipping Act, 1916, as amended, were referred for legal action. Twenty were subsequently mitigated by the Maritime Administrator and a nominal fine was imposed in lieu of forfeiture. The majority of these violations involved small pleasure craft and some commercial craft under 1,000 gross tons.

Certain United States shipyards were granted permission to construct for foreign corporations 5 tankers of 29,750 to 38,000 deadweight tons each for foreign-flag operation. Standard conditions were imposed in these cases also, to remain in effect about 15 years.

Mortgages and charters to aliens

During this period applications were approved for a foreign-controlled United States corporation to take a mortgage against four privately owned ships, which remained under United States ownership and flag.

The Maritime Administration approved 468 single-voyage charters of privately owned tankers to persons not citizens of the United States. Approval was also granted of 24 charters to aliens, 3 for a period in excess of 1 year and 21 small craft for less than 1 year.

Surrender of marine documents

During the fiscal year 313 applications were approved for the surrender of the marine documents of United States-flag ships covered by preferred mortgages, for the purpose of change in tonnage, name, home port, ownership, etc.

Labor Relations

Seamen

Seafaring employment on United States flag ships 1,000 gross tons and over continued to decrease until March 1953, when the number of jobs available was 70,700. By June 30, 1953, employment opportunities increased to 72,700. Fluctuations of seafaring employment may be attributed to the activation and return of Government-owned ships to reserve fleets. Employment on privately owned ships remained relatively stable.

Sporadic waterfront labor disputes developed. Those creating the greatest impact on the shipping industry involved the International Longshoremen's Association affiliated Local 333, Towboat Union. Wage increases and related cost items were the predominant causes of labor disputes. Wage increases were subject to approval of the Wage Stabilization Board, which, in most instances, postponed final action. On February 6, 1953, the President issued Executive Order 10434 suspending wage and salary controls and wage increases ranging from 5 to 15 percent were subsequently incorporated into the collective-bargaining agreements retroactive to stipulated dates, in accordance with the provisions of each agreement.

There is every indication that the seafaring unions are seriously considering "closing their ranks." The independent Pacific Coast Marine Firemen, Oilers and Wipers Association conducted a referendum, which carried two to one, for a decision to affiliate with the Seafarers International Union. The National Organization of Masters, Mates and Pilots and the Marine Engineers Beneficial Association conducted a referendum, which carried seven to one, authorizing their respective executive councils to study merger proposals and endorsed a mutual assistance and cooperation program.

Shipyard workers

Employment in private shipyards (construction and repair) declined somewhat to an estimated 128,000 on June 30, 1953. This downward trend is expected to be greatly accelerated by January 1, 1954, and private oceangoing ship construction contracts will be completed during calendar year 1955 without any immediate prospects of new shipbuilding contracts.

Relatively harmonious relations between management and labor prevailed in the shipbuilding industry. Labor and management vigorously recommended a long term Government-aided shipbuilding program. The Pacific coast master agreement was negotiated by representatives of the major shipbuilding-ship repair companies and the A. F. of L. Pacific Coast District Metal Trades Council, provided for a wage increase of 3 cents per hour and 7½ cents per hour contribution for health and welfare. West coast shipyard mechanics were receiving $2.16 per hour. The CIO International Union of Marine and Shipbuilding Workers of America negotiated a 7 cents per hour wage increase, making the hourly pay for the majority of east coast shipyard mechanics $2.07 per hour.

Longshoremen

West coast longshore labor-management relations were comparatively conciliatory. Scattered localized disputes involving interunion rivalry and intraunion problems developed and were resolved. The Internationl Longshore and Warehousemen's Union (independent) renewed its collective bargaining agreement for a 2-year period. A 6 cents per hour wage increase was awarded through arbitration, and the basic hourly wage rate was established at $2.16 per hour for a 6-hour workday.

Contrasted with the relative calm prevailing on the west coast was the turbulent status of east coast and Gulf longshoremen. The center of a series of strikes and wild-cat work stoppages revolved around the New York harbor area, extending to other Atlantic and Gulf coast ports. The Senate Subcommittee of the Committee on Interstate and Foreign Commerce, which had been investigating waterfront racketeering and port security, made public vicious practices existing in the longshore industry and brought to a climax internal struggles of the A. F. of L. International Longshoremen's Association. A 17 cents per hour increase was obtained by arbitration which set the basic hourly wage rate at $2.27 per hour for an 8-hour workday.

Maritime Training

Cadet-midshipmen

During the fiscal year there was an average of 889 cadet-midshipmen, including 38 Filipinos and one Latin-American cadet, in training in the United States Merchant Marine Cadet Corps. During the year 353 cadet-midshipmen successfully completed the 4-year course of instruction. With the exception of 20 Filipinos and one Latin-American graduate, all received United States merchant marine officers' licenses, issued by the United States Coast Guard, as third mates or third assistant engineers of ocean ships. They also received the bachelor of science degree and commissions as ensigns in the United States Naval Reserve and the United States Maritime Service.

The Tenth Congressional Board of Visitors made its annual inspection of the United States Merchant Marine Academy at Kings Point on May 9, 1953. The following Senators and Representatives weie designated to serve as members: Senators Irving M. Ives, New York; Andrew W. Schoeppel, Kansas; A. S. Mike Monroney, Oklahoma; and Representatives Frank J. Becker, New York; Eugene J. Keogh, New York; John J. Allen, California; Timothy P. Sheehan, Illinois; and Edward J. Hart, New Jersey. Senator Charles W. Tobey, New Hampshire, Chairman, Senate Committee on Interstate and Foreign Commerce, and Congressman Alvin F. Weichel, Ohio, Chairman, House Committee on Merchant Marine and Fisheries, served as ex-officio members. The Board reported that the Academy is serving the Nation well and is an essential part of national policy.

In June 1953, the sixth meeting of the Academic Advisory Board was held at the Academy. The Board was composed of: President John Cranford Adams, Hofstra College; Prof. John E. Burchard, Dean of Humanities and Social Studies, Massachusetts Institute of Technology; Vice Adm. Wilfred N. Derby, USCG (Ret.), former Superintendent, United States Coast Guard Academy; Adm. Harry W. Hill, USN (Ret.), former Superintendent United States Naval Academy; Dean M. A. Mason, Dean of Engineering, George Washington University; Prof. L. B. Ryon, Civil Engineering Department, the Rice Institute; and Very Rev. Edmund A. Walsh, S. J., vice president, Georgetown University. The Board continued systematic appraisal of each element of the curriculum.

The State Maritime Academies at Vallejo, Calif., Castine, Maine, Hyannis, Mass., and the New York State Maritime College, Fort Schuyler, N. Y., had an average of 676 cadet-midshipmen in training in Federal pay status during the fiscal year and 280 officers, 44 of whom were overquota and not in a pay status, were graduated. These graduates also received United States merchant marine officers' licenses as third mates and third assistant engineers, the bachelor of science degree and commissions as ensigns in the United States Naval Reserve and the United States Maritime Service. The cadet-midshipmen of all four institutions were given annual training cruises. The cadet-midshipmen of the Maine Maritime Academy were cruised on the training ship of the New York State Maritime College. The Maine Maritime Academy's training ship *American Sailor* was declared obsolete and sold for scrap.

United States Maritime Service

The United States Maritime Service continued upgrading, refresher, and specialist courses at Sheepshead Bay, N. Y., and Alameda, Calif. The Sheepshead Bay station adjusted its curriculum to place greater emphasis on training in the handling of the high-speed machinery of the Mariner-class freighters. During the year 22 instructors were assigned to Mariner ships in preparation for teaching subjects regarding that type of ship.

At the request of Great Lakes shipping firms converting ships from reciprocating engine drive to modern turbine drive, 121 Great Lakes officers and crewmen completed courses in the operation and maintenance of modern maritime machinery at Sheepshead Bay during the Great Lakes' off season in January and February. At the request of the Signal Corps, United States Army, a limited number of civilian employees of that agency were assigned to the radar and electronics course at Sheepshead Bay as observers.

The loran and radar operational schools in New York and Alameda, Calif., issued 528 completion certificates. In all, 3,930 officers and seamen, including the men from the Great Lakes and those given loran and radar training, were trained and upgraded by the Maritime Service during the fiscal year. No new seamen were trained to fill unlicensed, unskilled positions. The former training station at St. Petersburg, Fla., was continued in custody status.

During the year there was a course enrollment of 7,720 in the United States Maritime Service Institute, Sheepshead Bay, N. Y., which conducted correspondence courses for men at sea in deck, engine, and basic radio subjects; 1,292 courses were completed. Two new correspondence courses, one in turbine propulsion and the other in marine refrigeration and air conditioning, were made available to personnel of the merchant marine in February 1953. In May 1953 an additional correspondence course entitled Marine Safety (Deck) was made available. The institute now offers 50 instructional courses to merchant marine personnel.

Medical program

The Maritime Administration's medical program, in cooperation with the United States Public Health Service, included medical and dental treatment for enrollees of the United States Maritime Service and cadet-midshipmen of the United States Merchant Marine Cadet Corps and emergency rooms at reserve fleets. Health records were maintained on enrollees, cadet-midshipmen, and seamen and clinical information therefrom was made available to individuals, attorneys, shipping companies, Federal agencies, and others submitting proper authorization. Of the requests received for clinical information, a greater number than last year concerned claims and suits against the Government.

Seamen awards and services

During the fiscal year 5,878 decorations, medals, and awards were made to merchant seamen, and 244 Certificates of Substantially Continuous Service were issued. Comprehensive information, bulletins, and instructions on absentee voting for members of the merchant marine and franked post card applications for absentee ballots were circulated to shipping commissioners, steamship owners, operators and agents, maritime unions, and seamen's institutes.

Property and Supply

Shipyards

The maintenance and security program was continued at the four Government-owned reserve shipyards at Wilmington, N. C.; Richmond and Alameda, Calif.; and Vancouver, Wash. At the North Carolina shipyard the lease of approximately 50 acres of open land to the North Carolina State Ports Authority was continued. The State completed construction of a large warehouse and a 200,000-gallon elevated tank. Commercial operations were carried on at this facility. The lease of the fabrication building and certain areas of this shipyard to the Babcock & Wilcox Co. for use in the manufacture and fabrication of boilers and boiler components continued. The lease provides for maintenance of the building and area by the Company.

At the Richmond shipyard licenses and permits were continued for the housing of the Contra Costa Junior College, berthing of Military Sea Transportation Service ships, and to the Travis Air Force Base for installation of a radio transmitter, the Maritime Administration being reimbursed for utilities used and Contra Costa College maintaining the buildings used by it. Lease of the machine shop to the Moore Industrial Co. was terminated during the year.

At the Alameda shipyard the berthing of the S. S. *Mariposa* and storage of equipment therefor was continued under a lease to Oceanic Steamship Co. which was transferred to Matson Steamship Co. The ownership of the S. S. *Monterey* was acquired by the Maritime Administration and the ship was removed to the Suisun Bay reserve fleet, but equipment therefor remained in storage at the shipyard. Lease revenue during the year was $30,000, plus utilities used.

At the Vancouver shipyard the permit to Bonneville Power Administration for buildings and land was continued. A permit was granted to the Air Forces covering the major part of the shipyard land and some 35 buildings, including most of the principal buildings for storage of vehicles and other material. The Maritime Administration will be reimbursed for utilities used and the Air Force assumed maintenance and security of Maritime Administration property within its control.

The redesign of the North Carolina shipyard into a six-way yard for building the T–5 tanker, C–4 cargo (Mariner type), and other ships was approximately 60 percent complete. Plans of this redesigned shipyard will be held for use in any future necessary reactivation of this shipyard and for Government construction of additional shipyards which may be necessary in a future mobilization period.

Terminals

Government-owned terminals under the custody of the Maritime Administration were devoted to the movement of commercial import and export goods to the following extent: (1) *Boston, Mass.*—One berth was used exclusively by the Army; the remaining seven berths were used for movement of commercial cargo. (2) *Philadelphia, Pa.*—This terminal handled commercial cargo exclusively. (3) *Norfolk, Va.*—Although the major portion of this terminal was occupied by the Departments of the Army and Navy, they cooperated in maintaining some movement of commercial cargoes. (4) *Hoboken, N. J.*—This terminal handled exclusively commercial cargo. On October 1, 1952, the terminal was leased to the city of Hoboken, N. J., for simultaneous subleasing to the Port of New York Authority, for a period of 50 years at a rental of $1 a year, and title to all improvements made by the Port Authority. Included in the lease were provisions for construction of new piers within 8 years and other steps to modernize the terminal.

The Government earned during the year rental amounting to $719,000 from the commercial leasing of its terminals, resulting in net revenue of approximately $434,000. The program of maintenance and improvement was continued at all terminal properties to insure their readiness for future emergencies.

Field warehouses

The Maritime Administration continued operation of five Government-owned warehouses at Hoboken, N. J.; Baltimore, Md.; Norfolk, Va.; New Orleans, La.; and Richmond, Calif.; and in addition, a subwarehouse at Vancouver, Wash. One subwarehouse at Wilmington, N. C., was used to store inactive materials. The warehouses provided storage of marine equipment required in emergencies for the reactivation, construction, repair, and operation of ships.

In the latter part of the fiscal year the Maritime Administration obtained a permit from the Department of the Navy for use of a portion of the Navy's reserve shipyard, Kearny, N. J., for the storage of materials to be removed from the Hoboken, N. J., warehouse, since the Hoboken Terminal property, on which the warehouse is located, was leased. The movement of the warehouse to its Kearny location will be completed during fiscal year 1954. During the year the warehouse inventories of marine equipment and supplies increased from $42,472,000 to $47,342,000 due principally to the stripping of equipment and supplies from several hundred ships returned from operation for Government account for lay-up in the reserve fleets.

Port development

In cooperation with the Department of the Army, Board of Engineers for Rivers and Harbors, studies were completed on the following Port Series volumes: Port Series No. 33, The Ports of Astoria, Oreg., and Longview and Vancouver, Wash.; Port Series No. 34, The Port of Portland, Oreg.; Port Series No. 35, The Ports of Tacoma, Grays Harbor, and Olympia, Wash.; and Port Series No. 36, The Port of Seattle, Wash. The following volumes were in process: Port Series No. 1, The Ports of Northern New England; and Port Series No. 4, The Ports of Southern New England.

An overall port inventory and study of port capacities was continued. In fiscal year 1953 the demand by various Government agencies for information on port capacities was heavy. Field surveys were completed and data assembled covering terminal facilities capable of accommodating ships with a draft of 20 feet and over, at all United States seaports. Also continued was the study of selected port areas to determine the problems in keeping alive selected alternate ports.

Inventories

There were 237 inventories accomplished and inventory certificates for consumable stores were processed in the amount of $813,084 as accounts receivable and $2,106,019 as accounts payable. Certificates of overages and shortages were processed in the amount of $662,385 as accounts receivable and $1,080,611 as accounts payable. Inventory certificates processed in connection with general agency operations and other inventories totaled 180.

Material control and disposal

At the beginning of the year there was $5,001,659 worth of material for determination as to disposition. During the year $21,315,596 was reported from off-site locations and warehouses, making a total of $26,317,255 to be identified, segregated, and processed for utilization, retention, or disposal. Of this there remained $419,014 at the close of the period.

Property with a reported cost of $9,931,674 was sold by the Maritime Administration with a recovery of $425,176. Personal property valued at $8,100,100 was declared to the General Services Administration, property valued at $2,007,103 was transferred to other Government agencies, property valued at $1,142,439 was donated to educational institutions and public bodies, and property valued at $7,997 was abandoned or destroyed.

Twelve sunken hulks were offered for sale, one was sold, returning $10,722 to the Government; bids were pending on the balance.

During the year it was possible to approve all applications and to allocate controlled materials, acting as the claimant agency, for commercial shipyard facilities construction.

Industrial mobilization planning

Procurement planning continued at an accelerated pace, coordinated with the similar activities of the Department of Defense. In addition, inter-agency studies headed by officials of the National Production Authority were initiated to determine the industrial need for additional manufacturing facilities and machine tools in the event of full mobilization. These studies were emphasized in the turbine and boiler industries. Studies were initiated of potential shipyard sites which would be required to meet the planned shipbuilding program promulgated under authoity of the Office of Defense Mobilization.

Purchasing

Allowance list outfitting equipment was supplied to seven newly constructed Mariner ships. Procurement was completed for equipment and material required for the cathodic protection of laid-up ships at the Hudson River reserve fleet, James River reserve fleet, and Wilmington reserve fleet. Purchasing was continued for materials, supplies, equipment, and services required in the repair, maintenance, and operation of the reserve fleets, reserve shipyards, terminals, and training stations, and for administrative offices. To complete this procurement 11,579 purchase orders, totaling $4,562,387, were issued.

Domestic freight traffic

Transportation vouchers processed amounted to $204,252. A recovery of $10,154 was made from claims for loss and damage. Special rate agreements with various rail and motor carriers for reductions in published rates saved about $15,000 in transportation costs.

Other property

Permits were continued or new permits granted for the partial or temporary use of various maritime training properties. In view of the national shortage of vital machine tools and metal working equipment the Maritime Administration by request made its inventory of such equipment available to the National Production Authority for assignment, principally to prime defense contractors. Upon assignment, rental contracts were drawn by the Maritime Administration involving approximately 1,000 pieces of equipment and resulting in an annual rental revenue of several hundred thousand dollars to the Government.

Administrative Management

Personnel

When the former Chairman, Federal Maritime Board, and Maritime Administrator, E. L. Cochrane, resigned on October 1, 1952, Board Member A. W. Gatov was designated Chairman until his term expired June 30, 1953. Louis S. Rothschild was appointed Member of the Board and designated Chairman on July 1, 1953, for the remainder of the term expiring June 30, 1956. On July 10, 1953, E. C. Upton, Jr., was appointed Member for 4 years ending June 30, 1957.

Although there was a slight increase in the number of reserve fleet personnel, the trend throughout the Maritime Administration continued in the direction of reduction in the number of employees.

There was a net decrease in total personnel of approximately 11.5 percent, as indicated by the following tabulation:

Fiscal years ending—	Administrative	Maritime Service		Warehouses, terminals, and shipyards	Reserve fleets	Total
		Non-uniformed	Uniformed			
June 30, 1952	2,032	64	491	436	1,107	4,130
June 30, 1953	1,656	61	488	334	1,118	3,657
Change	−376	−3	−3	−102	+11	−473

Safety

Safety activities followed much the same pattern as in 1952, but with greater emphasis on supervisor and employee training. The former was accomplished by expanding the supervisor development program to include sessions on safety. The latter was accomplished in stand-up type meetings at industrial locations, supplemented by quarterly film showings. Safety activities for shipboard operations included the development and publication of a quarterly bulletin, analysis of accident experience data, and publication of findings.

The incidence of disabling injuries among employees, exclusive of those employed on shipboard, was approximately 10 in each million hours worked. This compares with 9 during 1952 and 16 the previous year.

Budget

Arrangements were completed for improvements in budget formulation and execution. Effective July 1, 1953, a system was installed for development of annual work programs, issuance of supporting fiscal plans to each official having program and fund responsibilities, and periodic program and fund reporting to top management.

Organization and methods

Substantial progress was made in a complete review of all reports required to be prepared in the Maritime Administration. Elimination of unnecessary and duplicate reporting, together with reduction in the scope, frequency, and distribution of others, resulted in elimination of 58 field office reports with consequent reduction in man-hours required, which could be applied to other important activities.

By the end of the year arrangements were completed for the revocation of all orders of the former United States Maritime Commission pertaining to internal management. Also, the initial series of orders on internal management of the Maritime Administration had been reviewed and revised and a current Manual of Orders established.

Finance

Internal audits and procedures

The internal audits and procedures effort was largely confined to surveys and evaluations required in connection with the development of financial procedures for the Comptroller's organization and to special financial assignments. Full implementation of the internal audits program for Washington was not possible. The field staffs in New York and San Francisco, however, conducted internal audits of various field operations related to financial activities.

Considerable progress was made toward the completion of the Comptroller's Manual of Procedures. A decrease in accounting activity in certain areas, including reduced financial reporting requirements, however, made it advisable to revise many procedures and take advantage of more direct methods of recording and reporting financial information. These revisions were placed in effect July 1, 1953, with the result that the issuance of certain sections of the manual were withheld pending the development and study of the operation and effect of the revisions.

Accounting

On June 30, 1953, regular accounting work was being performed currently. No accounting backlogs of any consequence existed except the liquidation of a few remaining accounts of agents under War Shipping Administration agreements.

Continued attention was given to improvement of work methods and financial reporting. Under the program for the preparation of commercial-type financial statements there were being issued on a quarterly basis balance sheets, statements of operations, and statements of equity for the Maritime Administration as a whole and for the National Shipping Authority. In addition, there were prepared monthly statements of the ship operating revolving fund and a statement of sources and application of funds for fiscal year 1953.

As of June 30, 1953, the accounts of all 206 War Shipping Administration agents had been closed and audits by the General Accounting Office completed. All matters had been resolved with respect to 182 of the agents. Of the remaining 24 accounts, two required further analysis and 22 required administrative determinations with respect to: (1) trading outside warranty limits (insurance), in which cases amounts should be collected from charterers; (2) watchmen's overtime which should involve recoveries from owners; and (3) idle status and other claims and counterclaims involving compensation. Liquidation work resulting from redeliveries of ships by National Shipping Authority agents was being processed expeditiously and should be completed within 12 months after redeliveries.

Auditing

The principal normal audit workloads result from operating-differential subsidy agreements, bareboat charter agreements, construction contracts, and general agency operations. Prime construction contracts and general agency operations were being audited on a current basis. With respect to audits of other contracts, backlogs of audit work have resulted from drastic personnel reductions. The most recent reductions have deferred the programmed date on which the current status will be attained to 1956 in spite of continuing efforts to produce more selective audit processes.

During the fiscal year, unaccomplished audits were reduced from 431 to 328, notwithstanding additional audit requirements aggregating 283. The unaccomplished audits on June 30, 1953, consisted of 87 in various stages of completion and 241 yet to be undertaken, of which 52 could not be undertaken because financial accountings had not been submitted by the operators. Recapture to the Government, based upon audit determinations, aggregated approximately $925,000 for the year.

Insurance

On June 30, 1953, there remained to complete the implementation of the war risk insurance program authorized by title XII, Merchant Marine Act, 1936, as amended, only that portion of the program involving war risk cargo insurance. Important actions in implementation of the war risk insurance program included the publication on September 16, 1952, of General Order 75 which announced that the Maritime Administration was prepared to supply war-risk insurance to the shipping industry for hull, protection and indemnity, and second seamen's insurance. General Order 75 provides for the issuance of war risk interim binders, for a period of 30 days, attaching upon the automatic expiration of war-risk insurance currently in effect.

Supplement No. 1 to General Order 75, published on March 4, 1953, announced that war-risk insurance on ships under construction in shipyards in the United States was available. No applications for this insurance coverage were received, possibly because no major new ship construction contracts were let since the date of the supplement. On June 27, 1953, an amendment to General Order 75 provided that interim binders will be issued after the outbreak of war upon payment of binder fees and premiums. As of June 30, 1953, coverage under this insurance program included 688 war risk hull, 621 war risk protection and indemnity, and 568 second seamen's insurance binders. Binder fees totaling $120,625 had been collected, agency fees totaling $33,786 had been earned, and miscellaneous expenses totaling $600 had been incurred by the agent.

A contract to furnish insurance against protection and indemnity risks was awarded, as a result of competitive bids, to the National Automobile and Casualty Insurance Co., Los Angeles, Calif., covering ships allocated to National Shipping Authority general agents under the Military Sea Transportation Service program. The premium rate for this commercial insurance was 25 percent less than that paid for the previous year.

There were recovered from underwriters, under the recapture provisions of wartime agreements, \$2,750,000. Recoveries to June 30, 1953, under these agreements totaled \$55,250,000. On June 30 underwriters held \$7,647,612 in their reserves for unsettled claims.

Under its self-insurance program the Maritime Administration continued to assume hull and war-risk insurance as well as second seamen's insurance on its Government-owned ships, as well as builder's risk insurance on the Mariner ships. Losses reported to date on the Mariners were substantially less than insurance premiums would have been. The Maritime Administration continued to underwrite casualty insurance required under a contract between the Department of the Army and a transportation contractor, but which cannot be obtained in the domestic market. The Department of the Army will reimburse the Maritime Administration for any losses incurred. To date no losses have been reported.

In accordance with its insurance compliance responsibilities, the Maritime Administration approved original insurance or renewals thereof obtained in commercial markets by mortgagors, charterers and subsidized operators, in the following amounts:

Kind of insurance	Amount	Percentage domestic	Percentage foreign
Marine hull	\$1, 209, 981, 741	40	60
Marine protection and indemnity	1, 351, 678, 841	37	63
War risk hull	3, 676, 914, 679	4	96
War risk protection and indemnity	3, 045, 505, 075	5	95

Financial statements

Financial statements received with applications to (1) assume mortgages on war-built ships previously sold by the Government, (2) charter ships, (3) act as surety on bonds required by the Maritime Administration, (4) act as general agents under agreements with the National Shipping Authority, (5) serve as repair contractors, (6) serve as prime shipbuilding contractors, and (7) assume ship mortgages to be guaranteed under title XI, Merchant Marine Act, 1936, as amended, were analyzed to determine the applicants' financial responsibility.

Reserve funds of subsidized operators

At the beginning of fiscal year 1953, the subsidized operators had on deposit in their capital reserve funds \$64,446,943, and in their special reserve funds $51,097,907. At the close of the fiscal year, the balances on deposit were $90,525,453 and $73,567,577, respectively, as shown in appendix I. Net withdrawals from special reserve funds of $246,166 were made up of $471,985 withdrawn under section 607 (c) of the Merchant Marine Act, 1936, offset by a redeposit (of previous withdrawals) of $225,819 pursuant to the provisions of an operating-differential subsidy agreement.

Claims

Further reductions were made in the number of claims arising primarily from the wartime activities of the former United States Maritime Commission and the War Shipping Administration. The inventory of unlitigated claims in the Maritime Administration on June 30, 1952, consisted of 2,453 claims with a claimed value of $44,508,966. By June 30, 1953, the inventory, including new claims received, was reduced to 1,396 claims totaling $18,680,862. In addition, there were 1,160 claims amounting to $359,993,208, which had been transferred to the Department of Justice for litigation. Recovery on claims in favor of the United States averaged 22.8 percent and claims against the United States were settled for approximately 32.7 percent of the claimed value. Appendix J shows the claims on hand June 30, 1953, and claims settled under the Suits in Admiralty Act.

The number of ships for which applications had been filed for adjustment of prior sales to citizens under section 9 of the Merchant Ship Sales Act of 1946 was 204. Of this number applications covering 13 ships were subsequently withdrawn, leaving applications covering 191 ships. As of June 30, 1953, adjustments had been approved for all 191, of which 12 approvals were made during fiscal year 1953.

Legal Activities

Legislation

The Eighty-second Congress enacted the so-called long-range shipping bill, Public Law 586, to meet some of the construction and replacement problems of the merchant marine, but omitted any action with respect to tax benefits for merchant shipping. The Congress directed a further study of these tax benefits and on January 16, 1953, the President transmitted to the Congress studies by the Department of Commerce and the Department of the Treasury.

Two legislative measures submitted by the Department of Commerce were designed to improve private financing possibilities in connection with new ship construction and to establish a defense reserve of usable tankers by turning in war-built tankers for allowances to be applied to construction of additional modern tanker tonnage. The first measure was enacted and amends title XI, Ship Mortgage Insurance, of the 1936 act to make more effective provision for the insurance of preferred ship mortgages and ship construction loans made by private financial institutions. The second measure passed the Senate and was pending, after approval by the House Merchant Marine and Fisheries Committee, on the House calendar.

A bill designed to provide seamen employed in the National Shipping Authority operating program with unemployment benefits similar to those available to seamen on private ships, and to ease unemployment distress resulting from the reduction in the ship operating program, was enacted as Public Law 196. The Philippine Rehabilitation Act charters of eight smaller ships were continued for another year, and the waiver of coastwise laws to permit Canadian ships to operate in Alaska trades was extended for another year.

Of concern also were the Mutual Security Act of 1953, the Pakistan Wheat Act, the Surplus Agricultural Commodities Act, and the Mutual Security Appropriation Act. The so-called 50 percent minimum participation provision was either included in these aid acts or the principle was established through conference reports or other expressions of legislative desire.

Of general maritime interest were the extension of the Reorganization Act of 1949, the Defense Production Act Amendments of 1953 (included voluntary tanker pool authority), extension of title II of the First War Powers Act, Emergency Powers Continuation Act, and extension of the Export Control Act. In its report on the Defense Production Act amendments, the House Committee on Interstate and Foreign Commerce approved continuance of the controls exercised by the Secretary of Commerce over ocean transport to Communist destinations.

The Department of Commerce recommended the repeal of Public Law 44, Seventy-eighth Congress, relating to return of certain fishing ships, Great Lakes ships, and ships of 1,000 gross tons or less, and the continuance in national emergency of Public Law 101, Seventy-seventh Congress, relating to acquisition by the United States of title to or the use of domestic or foreign merchant ships for urgent needs. These measures were pending in committee at the adjournment of the first session of the Eighty-third Congress. Other pending bills included proposed repeal of sections 9 (c) (2) and (3) of the Merchant Ship Sales Act of 1946, sale of ships to Brazil for use in the coastwise service, and sale of eight chartered ships to Philippine Island citizens. No final action was taken on the Alaska or Hawaii statehood bills, which concern regulatory jurisdiction as well as subsidy functions of the Federal Maritime Board and Maritime Administration.

Contracts

Pursuant to action of the Federal Maritime Board, operating-differential subsidy contracts were executed with Pacific Far East Line, Inc., and Pacific Transport Lines, Inc. Litigation was instituted by American President Lines, Ltd., testing the sufficiency of the Board's action in approving the granting of subsidy aid to these two operators.

Approximately 14 cases of violations of sections 9 and 37 of the Shipping Act, 1916, as amended, were considered and forfeitures remitted or mitigated. Considerable legal work was required in effecting the transfer to foreign ownership and flag of certain older ships in connection with the construction in American shipyards of new and larger tankers of high speed.

Legal consideration was given to many problems of statutory construction in the issuance of general orders, insurance underwriting agency agreements, insurance binders and policies in connection with war-risk insurance under the provisions of title XII, Merchant Marine Act, 1936, as amended. Special consideration was given to methods for selling and chartering Mariner ships.

Admiralty, insurance, and labor law

Substantial progress was made in decreasing the backlog of War Shipping Administration admiralty and insurance claims. Admiralty and insurance claims arising out of National Shipping Authority operations, however, more than doubled from the prior fiscal year as a result of the step-up in general agency operations occasioned by the Korean emergency.

Several Supreme Court decisions were of real importance. In *De La Rama Steamship Corp.* v. *United States* the Supreme Court, reversing the Court of Appeals for the Second Circuit, held that the district court had jurisdiction of a suit to recover insurance proceeds for the constructive total loss of a War Shipping Administration ship despite the expiration of the wartime insurance statute, due to cessation of hostilities, which provided that such suit must be brought in the district court. In *Colmar Steamship Co., Inc.* v. *United States* the Supreme Court interpreted the war risk insurance provisions of a Lloyd's form of policy and held the underwriter liable despite its defense of voyage deviation.

Aaron et al. v. *Bay Ridge Operating Co.* and *Blue et al.* v. *Huron Stevedoring Co.*, the "overtime-on-overtime" test cases, were decided by the Court of Appeals for the Second Circuit, which not only affirmed the district court's decision in favor of the defendants and the Government, but also went somewhat further in denying plaintiffs' recovery on fringe overtime claims. There was no occasion to invoke the working arrangement with the National Labor Relations Board in connection with its jurisdiction of general agency employees in representation and unfair labor practice proceedings.

Claims and renegotiation

The more important legal opinions rendered involved the right of the Government to recover the cost of fuel and water during drydocking and the cost of repairs under the revised form of War Shipping Administration time charter, and the validity of ship sales contracts attacked on the ground of violation of section 4(a) of the Merchant Ship Sales Act of 1946. In *Kemp Engineering Company* v. *United States* the Office of Contract Settlement, General Services Administration dismissed a claim under section 17 of the Contract Settlement Act on the ground, inter alia, that the alleged informal contract was not shown to be in aid of prosecution of the war.

There were still pending some 32 petitions for determination of excess profits amounting to $13,245,688 before the United States Tax Court on appeal of contractors from former Maritime Price Adjustment Board and Contracts Price Adjustment Board decisions. The Government is awaiting the decision of the Court of Appeals for the District of Columbia Circuit on its appeal from the decision of the tax court in *California Eastern Line, Inc.* v. *Chairman, United States Maritime Commission,* to the effect that the so-called "Red Sea Charter" in that case was not renegotiable as a contract made with an American citizen.

General litigation

The Government gained a resounding victory in *United States* v. *The Tanker "Meacham"* in which the District Court for the Eastern District of Virginia sustained the Government's libel and seizure of a T–2 tanker for violation of section 9 and other provisions of the Shipping Act, 1916, and related shipping laws. The case was on appeal to the Court of Appeals.

The Court of Claims decided in favor of the Government in *Eastern Steamship Corp.* v. *United States,* which involved a suit for breach of a bareboat charter of the S. S. *Acadia* which, it was alleged, the Government had refused to restore to its condition as of the date of the commencement of the charter. The desirable features and fireproofing cases (*A. H. Bull Company, Inc.* v. *United States; Paco Tankers, Inc.* v. *United States;* and *Southeastern Oil, Delaware, Inc.* v. *United States*) resulted in rulings adverse to the Government and despite recommendations of this agency, the Solicitor General of the United States decided against appeal to the Supreme Court from the Court of Claims decisions.

In the settlement of the Dollar Line litigation, the stock in controversy was sold pursuant to public advertisement and sealed bids at a price of approximately $18, 650, 000 of which the Government realized somewhat more than $9,150,000 as its share. A related controversy was also closed on a settlement which closely paralleled that of the Dollar Line litigation. This was *Fleishacker et al.* v.

American President Lines, Ltd., et al., a suit to restrain the transfer of some 13,061 shares of class A common stock of American President lines of which the plaintiff claimed ownership. Although this stock was involved in the original adjustment agreement between the United States Maritime Commission and the Dollar interests, Fleishhacker contended, as did the Dollar interests, that the stock was pledged and never sold. The suit was settled and the stock was sold for approximately $400,000 of which the Government received about $225,000.

Perhaps, the most important case in litigation still pending at the close of this period was *United States Lines Co.* v. *United States*, which was brought in the Court of Claims to test the validity of the construction-differential subsidy contract between the former United States Maritime Commission and the company on the S. S. *United States*, which the Comptroller General had previously attacked.

The Board's order in *Japan-Atlantic and Gulf Freight Conference* (Docket No. 730), denying the request of Isbrandtsen Co., Inc., and the Department of Justice for suspension of dual rates proposed by the conference, was subject to review by the Court of Appeals on appeal of Isbrandtsen Co. The court granted a temporary injunction against initiation of the rates.

After the Board approved award of subsidy to Pacific Far East Line and Pacific Transport Line, American President Lines, Ltd., brought suit in district court. The district court granted summary judgment upholding the Board's decision and an appeal was filed by American President Lines.

Among the cases subject to judicial review at the close of the year was *Pennsylvania Motor Truck Association et al.* v. *Philadelphia Piers, Inc., et al.*, involving the Board's jurisdiction of railroads as terminal operators and their responsibility to provide free time.

Regulatory Activities

The return to a situation where ship space in many trades exceeded cargo offerings intensified the struggle between carriers for freight and was the cause of sharp competitive practices. In some trades carriers were reported to have resorted to misbilling, rebating, and other actions violative of the regulatory laws and instances came to light where shippers misdescribed cargo to secure a rate advantage without knowledge of the carrier. Every effort was made to ascertain the truth of these reports and formal action was taken against such offenders as evidence developed.

Carriers and shippers continued to look to the steamship conferences to promote stability of rates and uniformity of treatment. Faced with increased carrier competition and shipper demands for lower rates, the carriers were nevertheless unable to effect any substantial reductions in operating costs, and, as a consequence, resisted rate reductions. This increased the field of opportunity for those carriers who elected to operate outside the conferences and at less than conference rates. As a result rate wars were threatening in a number of trades or had come to pass.

The conferences generally turned to the contract rate system as protection. Attacks had been directed against this system before the Board and the courts. The Board has held that while the system was not unlawful per se, it could be used under circumstances and conditions which violate the law. To establish closer supervision over the contract system, the Board issued General Order 76 requiring the filing of information by conferences using contract/noncontract rates, with advance notice of proposals to initiate the system when not in use. While issuance of this order was widely resisted, all conferences using the system complied.

There was a growing tendency on the part of carriers in the domestic offshore trades to consult governmental and business interests before submitting their increases. This resulted in better understanding, and in many instances adjustments were reached prior to filing thus smoothing the regulatory path and reducing complaints which frequently follow upward rate adjustments. One worthwhile trend that continued in the domestic offshore trades was the effort to simplify tariff structures and otherwise reduce shippers' problems.

The Board's decision in Dockets 718 and 719 pertaining to payment of brokerage and its denial of a petition for the issuance of rules, which if adopted would have modified the finding in Docket 657, did much to clarify the brokerage issue. As a result conflicts between carriers and freight forwarders over such matters seemed largely resolved.

Conference and other agreements

During the fiscal year the Board approved 62 agreements, 55 modifications, and 13 cancellations; 250 changes in conference memberships and 3,029 minutes of meetings of conferences were received. Among those approved were rate fixing or conference agreements covering the trades between Great Lakes and United Kingdom; West Coast of India and Pakistan to Atlantic and Gulf ports; Ceylon to Atlantic and Gulf ports; South Atlantic and Gulf ports to Cuban outports; rates on olives from Spanish ports to North Atlantic ports; and a joint rate agreement between the Far East Conference and Pacific Westbound Conference designed to stabilize rates from Atlantic and Gulf ports and Pacific coast ports to Far East destinations.

The Japan-Atlantic and Gulf Freight Conference filed a statement announcing its intention to establish a contract rate system. The Board, after considering the protests and petitions filed, directed that a hearing be held but denied the request for suspension of the system pending hearing. On petition of Isbrandtsen Co., Inc., the Court of Appeals issued an order temporarily restraining the conference from initiating the contract rate system.

A number of conferences found it necessary to permit their members to take independent action with respect to rates either on all commodities or certain commodities in order to meet the lower rates being quoted by non-conference lines.

Freight rates—foreign

A total of 19,265 rate filings covering freight and passengers in the foreign trade of the United States were received during the fiscal year.

Freight rate filings were examined for ambiguities in tariff descriptions and classifications which lead to improper rate applications, and for potentially discriminatory rates and conditions and other unlawful tariff practices. Shippers were turning more and more to this agency for assistance in obtaining adjustments or rates claimed to have been improperly assessed by carriers.

Freight rates—United States Territories and possessions

During the fiscal year 527 new tariff schedules were filed. Four new carriers filed freight tariffs, covering door-to-door pickup and delivery service in the Alaskan trade.

General increases in rates of approximately 7 percent were made by carriers in Hawaiian trades. An Alaskan carrier increased its rates approximately 15 percent between Seattle and Tacoma and Alaskan ports and approximately 25 percent between Alaskan ports. Increased operating costs, largely fuel and labor, were cited as the reasons.

One carrier discontinued freight service between North Atlantic ports and the Virgin Islands and freight and passenger service between Puerto Rico and the Virgin Islands. Because of operating losses the Bull Insular Line withdrew its one passenger steamer which had operated between New York and Puerto Rico and offered limited passenger accommodations only on freight ships.

Two carriers in the Alaskan trade withdrew their participation in the joint tariff of the Alaska Railroad, which named through rates between Seattle and Tacoma, Wash., and Alaskan points as far inland as Fairbanks. In lieu thereof both carriers filed tariffs naming proportional rates on through traffic destined to or originating at stations beyond Seward on the Alaska Railroad and various Alaskan highways and beyond Valdez on various highways served by motor carriers.

Terminals

A total of 1,464 tariff schedules were received and examined for compliance with formal rulings of the Board, court decisions, and shipping laws. Wherever discrepancies were found remedial measures were undertaken and a large percentage of voluntary corrections effected. Eleven informal complaints relative to free time, wharf demurrage, and terminal charges were handled.

Of special interest was the decision rendered by the United States Court of Appeals for the Third Circuit, in the case of *The Baltimore and Ohio Railroad Company et al.* v. *United States of America,* holding that railroads operating terminals in connection with a common carrier by water are an "other person" as defined in the Shipping Act, 1916, and are subject to its provisions.

Freight forwarders

Certificates of registration were issued to 122 new registrants, making a total of 1,636 certificates issued since registration became mandatory under General Order 72. Certificates of 108 registrants were canceled. By the end of the year substantially all registered forwarders had submitted sample invoices and other information for review for compliance with General Order 72. Seventeen informal complaints relative to ocean freight forwarding were handled. A joint list of all ocean freight forwarders registered pursuant to General Orders 70 and 72 was published. Registration of forwarders under General Order 70 in support of the use of private freight forwarders in Government-financed cargoes is described under "Traffic activities."

Proceedings Before Hearing Examiners

At the beginning of the fiscal year 27 complaints and/or investigations were pending, including subsidy cases and miscellaneous proceedings. During fiscal year 1953, 14 regulatory, 10 subsidy, and 6 miscellaneous proceedings involving applications for bareboat charter of Government-owned ships were filed, making a total of 30 cases received. Examiners conducted 22 hearings and issued 16 recommended decisions. The Federal Maritime Board heard oral argument in 13 cases and issued 21 final reports. Final orders were issued by the Board in 6 cases without hearing and report. There were 30 cases pending in various stages on June 30, 1953. Examiners completed a revision of the Board's Rules of Practice and Procedure, which appeared in the Federal Register of June 30, 1953, to become effective July 31, 1953.

Final decisions of the Board

Docket No. 706.—*The Port of New York Authority* v. *AB Svenska Amerika Linien et al.* Rates on wood pulp from Swedish Baltic ports, north of and including the Gefle district, to United States North Atlantic ports found not to be unduly prejudicial and unjustly discriminatory as to New York and Port Newark, in violation of sections 16 and 17, respectively, of the Shipping Act, 1916. No violation of section 205 of the Merchant Marine Act, 1936, found.

Docket No. 717—*Philip R. Consolo* v. *Grace Line Inc.* Respondent found to be a common carrier of bananas from Ecuador to United States Atlantic ports, and its method of contracting all of its refrigerated space to three shippers, to the exclusion of complainant, found to be unjustly discriminatory in violation of sections 14 and 16 of the Shipping Act, 1916.

Docket No. 718—*The Joint Committee of Foreign Freight Forwarders Association et al.* v. *Pacific Westbound Conference et al.;* Docket No. 719—*Pacific Coast Customs and Freight Brokers Association* v. *Pacific Westbound Conference et al.* Provisions limiting the payment of brokerage on certain commodities to less than 1¼ percent of ocean freight charges and prohibiting the payment of brokerage on heavy lift and long length charges found to be in circumvention of the decision and order of the United States Maritime Commission in Docket No. 657, *Agreements and Practices Pertaining to Brokerage,* 3 U. S. M. C. 170.

Docket No. 722—*In the Matter of Increased Rates of Snow Transportation Company between Points on the Kuskokwim River, Alaska.* Proposed rate for the transportation of freight between Ship's Landing and Bethel, Alaska, found justified. Proposed rates for the transportation of freight between Ship's Landing and Akiak, Alaska, and between Bethel and Akiak found not justified.

Docket No. 724—*Contract Rates—North Atlantic Continental Freight Conference et al.* The Board has authority to direct the North Atlantic Continental Freight Conference to hold in abeyance its proposed dual-rate system pending an investigation by the Board under section 22 of the Shipping Act, 1916, as to whether the differential in rates of the proposed system is arbitrary or unreasonable. For the conference to put its dual-rate system into effect prior to completion of the investigation would result in detriment to the commerce of the United States. Irreparable injury to the conference would not result by requiring it to hold its proposed dual-rate system in abeyance.

Docket No. 729—*American Hawaiian Steamship Company et al.* v. *Intercontinental Marine Lines, Inc.* Respondent, a common carrier by water, found to be eligible for conference membership, and conference under obligation to admit respondent.

Docket No. S–18 (Sub. No. 1)—*Pacific Transport Lines, Inc.—Application for Written Permission under Section 805 (a) of the Merchant Marine Act, 1936, to Continue to Engage in Domestic Service between California Ports and the Hawaiian Islands.* Temporary permission granted to Pacific Transport Lines, Inc., to continue, as a subsidized operator on Service 2 of Trade Route No. 29, its present Hawaiian service, and permission granted for its majority stockholder to continue to own a stock interest in Matson Navigation Co.

Docket No. S–23—*Lykes Bros. Steamship Co., Inc.—Application for Increase in Maximum Number of Subsidized Sailings on Line D (Lykes Orient Line), Trade Route No. 22.* Unsubsidized operation of Lykes Bros. Steamship Co., Inc., on its Line D (Lykes Orient Line), Trade Route No. 22, found to be, to some extent, an "existing service." In view of this finding, the time which has elapsed since the close of the hearing before the examiner, and the additional evidence on the issues of the case that is now available, case remanded to examiner to permit the parties to offer additional an more recent evidence.

Docket No. S–26—*Application of American President Lines, Ltd. for Resumption of Operating-Differential Subsidy (Trade Route No. 29, Service 1) under Title VI, Merchant Marine Act, 1936.* American President Lines, Ltd., has encountered substantial direct foreign-flag competition since January 1, 1947, in the operation of its four P2 passenger-freight ships on Service 1 of Trade Route No. 29, in connection with its freight service No. 2 on that route. An operating-differential subsidy to American President Lines, Ltd., for operation of the four P2 type combination ships on Service 1 of Trade Route No. 29 is necessary to meet competition from foreign-flag ships and to promote the commerce of the United

States in furtherance of the purpose and policy of the Merchant Marine Act, 1936.

Docket No. S–29—*Review of the Operating-Differential Subsidy Contract with Grace Line Inc. for Service 1 of Trade Route No. 2.* Grace Line Inc. has encountered substantial direct foreign-flag competition on Service 1 of Trade Route No. 2 for both cargo and passengers from January 1, 1947, to the present. An operating-differential subsidy to Grace Line Inc. for operation of combination ships on Service 1 of Trade Route No. 2 is necessary to meet competition from foreign-flag ships and to promote the commerce of the United States in furtherance of the purposes and policy of the Merchant Marine Act, 1936, as amended.

Docket No. S–30—*In the Matter of the Review of the Operating-Differential Subsidy Contract with Mississippi Shipping Company, Inc., for Service 2 of Trade Route No. 14.* The ships of Mississippi Shipping Co., Inc., operating on Service 2 of Trade Route No. 14, have encountered substantial foreign-flag competition from January 1, 1948, to the present. No change has been shown in the character or extent of foreign-flag competition since January 1, 1948, which would require or warrant an adjustment in operating-differential subsidy payments to this operator.

Docket No. S–31—*In the matter of the Review of the Operating-Differential Subsidy Contract with Farrell Lines Incorporated for Trade Route No. 15–A.* Farrell Lines Inc., in the operation of its two combination ships on Trade Route No. 15–A, in connection with its freight service on that route, has since July 1949 encountered substantial direct foreign-flag competition. An operating-differential subsidy to Farrell Lines Inc. for operation of these combination ships on Trade Route No. 15–A, in connection with its freight service on the route, is necessary to meet competition from foreign-flag ships and to promote the foreign commerce of the United States in furtherance of the purposes and policy of the Merchant Marine Act, 1936, as amended.

Docket No. S–34—*Bloomfield Steamship Company—Application for Operating-Differential Subsidy (Trade Route No. 13, Service 1, and Trade Route No. 21, Service 5).* An operating-differential subsidy with respect to ships to be operated by applicant Bloomfield Steamship Co. on both Trade Route 13, Service 1, and Trade Route 21, Service 5, would involve service which would be in addition to existing services within the meaning of section 605 (c) of the Merchant Marine Act, 1936. The service already provided by ships of United States registry on both Trade Route 13, Service 1, and Trade Route 21, Service 5, is inadequate, and, in the accomplishment of the purposes and policies of the Act, additional ships should be operated thereon. The provisions of section 605 (c) of the Act do not interpose a bar to the granting of an operating differential subsidy contract covering the operation of cargo ships. All further questions with respect to the application of Bloomfield Steamship Co. are expressly reserved for future determination.

Docket No. S–41—*Application of the Oceanic Steamship Company for Operating-Differential Subsidy with Respect to the S. S. "Marine Phoenix," Trade Route 27, for Period January 1947 to August 1948.* Application of the Oceanic Steamship Co. for operating-differential subsidy for the operation of the S. S. *Marine Phoenix* on Trade Route 27 from January 1947 to August 1948 denied because the necessary statutory findings under section 601 (a) of the Merchant Marine Act, 1936, have not been, and cannot now be, made.

Docket No. M–56—*S. C. T. T., Inc.—Alleged Violation of General Order 70.* Notice was published of the order directing respondent, S. C. T. T., Inc., to show cause why an order should not be entered pursuant to section 243.2 (h) of General Order 70, striking its name from the list of freight forwarders eligible to service cargoes shipped under the Foreign Assistance Act of 1948, and other relief and rehabilitation cargoes, and hearing on the above order was held before an examiner, who issued his recommended decision, finding respondent not to be a citizen of the

United States within the meaning of 46 U. S. C. 802, and to be in violation of General Order 70 by failing to furnish certain information requested by the Maritime Administrator. The Administrator adopted the findings of the examiner and ordered the name of respondent stricken from the list of freight forwarders.

In the following proceedings the Board had before it for determination the three issues contemplated in section 3, Public Law 591, Eighty-first Congress, relating to the bareboat charter of Government-owned, war-built, dry-cargo ships: Docket No. M–55—*Annual Review of Bareboat Charters, etc.*; Docket No. M–57—*Isbrandtsen Co., Inc.*; Docket No. M–58—*Coastwise Line;* Docket No. M–59—*Alaska Steamship Company;* and Docket No. M–60—*Coastwise Line.* The Board was unable to make the required findings in Docket Nos. M–55, M–58, and M–59, but did make them in Docket Nos. M–57 and M–60.

Recommended decisions of hearing examiners [1]

Docket No. 720—*Intercoastal Steamship Freight Association et al.* v. *Northwest Marine Terminal Association et al.* Assessment by certain of the respondents of some items of a tariff service charge against the ship in connection with lumber transported from the States of Oregon and Washington, via the Panama Canal, to Atlantic coast ports, found to be an unjust and unreasonable regulation or practice in violation of section 17 of the Shipping Act, 1916, and reparation should be awarded. A cease and desist order should be entered. The assessment of said service charge against the ship and not against railroads handling lumber from the same areas to the same destinations not shown to result in undue or unreasonable prejudice or disadvantage to complainants under section 16 of the 1916 Act.

Docket No. 724—*Contract Rates—North Atlantic Continental Freight Conference et al.* The proposed differential of 10 percent between the contract and noncontract rates of North Atlantic Continental Freight Conference found not arbitrary, unreasonable, or unjustly discriminatory. The proceeding should be discontinued.

Decisions of examiners in 14 other cases which were decided by the Board are reported under the preceding section. They are Docket Nos. 717, 718, 719, 722, 729, S–18 (Sub. No. 1), S–30, S–31, S–34, M–55, M–56, M–58, M–59, and M–60.

Pending proceedings

Docket No. 725—*The Secretary of Agriculture* v. *North Atlatic Continental Freight Conference et al.* Complainant alleges that respondents' proposed initiation of the contract rate system violates the Shipping Act, 1916, as amended.

Docket No. 726—*Isbrandtsen Co. Inc.* v. *States Marine Corporation of Delaware et al.* (Far East Conference). Complainant alleges that respondents' freight charges on shipments of cotton from Texas ports to Japan under the contract rate system, and the respondents' use of such system violates the Shipping Act. 1916, as amended.

Docket No. 730—*Japan-Atlantic and Gulf Freight Conference—Statement under General Order 76.* This proceeding was instituted by order of the Board on the protest of Isbrandtsen Co. Inc., and the Department of Justice against the institution of the contract rate system by the Japan-Atlantic and Gulf Freight Conference in the trade from Japan to Atlantic and Gulf ports of the United States.

Docket No. 732—*H. Kempner* v. *Lykes Bros. Steamship Company, Inc. et al.* (Gulf-Mediterranean Ports Conference). Complainant alleges that respondents' freight charges on shipments of cotton from Gulf ports of the United States to ports in the Mediterranean area under the contract rate system, and respondents' use of such system, violates the Shipping Act, 1916, as amended.

[1] These decisions are subject to review by the Federal Maritime Board.

Docket No. 733—*H. Kempner* v. *Lykes Bros. Steamship Company, Inc. et al.*; Docket No. 734—*Galveston Cotton Company* v. *Lykes Bros. Steamship Company, Inc. et al.*; Docket No. 735—*Texas Cotton Industries* v. *Lykes Bros. Steamship Company, Inc. et al.* (Far East Conference). Complainants allege that respondents' freight charges on shipments of cotton from Gulf ports of the United States to Japan under the contract rate system, and respondents' use of such system, violates the Shipping Act, 1916, as amended.

Docket No. 736—*Stockton Port District et al.* v. *Waterman Steamship Corporation et al.* (Pacific Coast-Puerto Rican Conference). Complaint alleges that publication and maintenance by respondents of rates to ports in Puerto Rico from other ports on the Pacific coast at which their ships destined to Puerto Rico call, and failure of respondents to publish and maintain rates on the same level to the same ports in Puerto Rico from Stockton, Calif., applicable to their ships destined to Puerto Rico which call at Stockton; and lifting by respondent Waterman of cargo destined to ports in Puerto Rico at other Pacific coast ports, and failure of Waterman to lift at Stockton cargo destined to the same ports in Puerto Rico on its ships destined to Puerto Rico which call at Stockton, violate the Shipping Act, 1916, as amended.

Docket No. 737—*Galveston Chamber of Commerce* v. *Saguenay Terminals, Ltd., et al.* Complaints allege that respondents' agreement with the General Services Administration for the transportation of bauxite ore from British Guiana to Mobile, Ala., and New York, N. Y., at lower rates than to Galveston and other Gulf ports, violates sections 15, 16, and 17 of the Shipping Act, 1916, as amended.

Docket No. S–34 (Sub. No. 1)—*Bloomfield Steamship Company-Dixie Carriers, Inc.* Petition of Jordan River Line, Inc., to have set for hearing the issues arising out of section 805 (a) Merchant Marine Act, 1936, in addition to section 605 (c) of that Act, in connection with the application of Bloomfield Steamship Co. for operating-differential subsidy on Trade Route No. 13, service 1, and Trade Route No. 21, service 5.

Docket No. S–35—*South Atlantic Steamship Line, Inc.* Application for waiver under section 804, Merchant Marine Act, 1936, in connection with applicant's operating-differential subsidy contract.

Docket No. S–36—*American President Lines, Ltd.* Application for written permission under section 805 (a), Merchant Marine Act, 1936, for an officer and director to own an interest in ships operated in the domestic intercoastal and coastwise trade.

Docket No. S–37—*Pacific Far East Line, Inc.* Application for written permission under section 805 (a), Merchant Marine Act, 1936, in connection with operation of the S. S. *Joshua Hendy* in the domestic intercoastal and coastwise trade.

Docket No. S–38—*Isbrandtsen Co. Inc.*, v. *American Export Lines, Inc., et al.* Complaint alleges that respondent, along with foreign-flag lines, has signed an exclusive patronage contract with shippers of cotton from Egypt to India agreeing on a rate and agreeing to pay a deferred rebate on shipments under such contract, provided no shipper used lines of a nonconference member. Complainant, not being a member of the conference, alleges that such contract violates section 810, Merchant Marine Act, 1936, as amended, and violates the operating-differential subsidy contract of respondent.

Docket No. S–39—*Farrell Lines, Inc.*; Docket No. S–40—*American President Lines, Ltd.*; Docket No. S–42—*American Export Lines, Inc.* Review and readjustment of rates under operating-differential subsidy contracts.

The 13 other pending proceedings are referred to elsewhere in this report or in previous annual reports, and are as follows: Docket Nos. 703, 707, 708, 711, 720, 721, 723, 724, S–8, S–17 (Sub. No. 1), S–23, S–27, and S–33.

International Maritime Affairs

The Maritime Administration, through the Shipping Coordinating Committee, reviewed the proposed agenda of the Sixth Session of the United Nations Transport and Communications Commission (February 2–11, 1953) and recommended a United States position on such maritime matters as: (*a*) Ratification of the Intergovernmental Maritime Consultative Organization; (*b*) transport of dangerous cargoes; (*c*) unification of maritime tonnage measurements; and (*d*) pollution of sea water by oil. Through the Shipping Coordinating Committee a United States position on shipping for the Third Extraordinary Meeting of the Inter-American Economic and Social Council (Caracas, Venezuela, February 1953) was developed and approved.

The Maritime Administration continued to cooperate with the Department of State in efforts to expedite the ratifications required to establish the Intergovernmental Maritime Consultative Organization as the specialized agency of the United Nations on maritime affairs. This organization will provide an active international shipping organization as depository for the Safety of Life at Sea Convention, 1948.

A member of the Maritime Administration staff serving as Chairman of the Planning Board for Ocean Shipping of the North Atlantic Treaty Organization proceeded to Paris, France, at the specific request of the Secretary General to attend a meeting of the North Atlantic Council at which the fourth report of the Planning Board for Ocean Shipping was discussed. A member of the Maritime Administration staff serves as Chairman of the Intergovernmental Committee undertaking a study of the Brussels Admiralty Conventions to develop recommendations for positions to be adopted by this Government.

The Maritime Administration worked closely with the United States-Brazil Joint Commission for the improvement of shipping relations between the two countries. Following the recommendations of the Joint Commission—that training be made available for Brazilian nationals in coastwise shipping operations, port administration, and related fields—the Maritime Administration undertook (for the Institute of Inter-American Affairs) such a training program for Brazilian nationals selected by their government.

The work of preparing legislation to establish a Philippine maritime agency, with the assistance of a shipping consultant from the Federal Maritime Board, was completed. At the request of the Philippine Government, the Maritime Administration provided training for an official in the duties of executive secretary for such a Philippine agency.

Recognition by participating foreign nations of the importance and need for adequate port and terminal facilities increased materially the

Maritime Administration's activities under the Point IV Program. Major accomplishments included an on-the-spot technical survey of Costa Rica's seaports by a member of the staff and the implementation of a program for port visitations of the large number of foreign trainees sponsored by other Federal agencies.

The Maritime Administration continued to work with the Department of State on complaints regarding discriminatory actions of foreign governments against American-flag shipping. During the year measures restricting participation of our ships occurred mostly in South America and in one European country; measures restricting the transfer of currency or imposing a heavy tax thereon were factors with countries of South America, Europe, and Asia.

Formal complaints were prepared for presentation to the Ecuadoran Government on the discriminatory effects of charges and to Chile on actions to control United States imports moving from the Pacific coast. Waiver concessions permitting participation of recipient nation ships in movements financed by the Export-Import Bank aided negotiations for removal of certain discriminatory practices.

Close liaison was maintained with the Department of State on the mortgage indebtedness of foreign nationals and governments resulting from sales of ships under the Merchant Ship Sales Act, 1946. Active negotiations were being conducted with four foreign countries looking to the curing of delinquencies in payment of principal and/or interest. At the close of the period settlements with the Governments of Poland, the Netherlands, and Norway appeared imminent on claims and counterclaims between the Administration and certain foreign governments arising out of wartime and postwar operations.

The Maritime Administration prepared a formal statement of position with regard to its responsibilities for maintenance of an adequate merchant marine. This statement was discussed with representatives of the Department of State, Mutual Security Agency, and member governments of the Organization for European Economic Cooperation.

FINANCIAL STATEMENTS

Exhibit 1

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION

DEPARTMENT OF COMMERCE

Balance Sheet—June 30, 1953 and 1952

ASSETS

	June 30, 1953	June 30, 1952
Cash:		
In U. S. Treasury	$128, 848, 670	$166, 970, 435
In other depositories	9, 085, 214	14, 150, 200
On hand	830, 715	485, 254
	138, 764, 599	181, 605, 889
Notes and Mortgages Receivable (note 2):		
Domestic firms	231, 568, 406	261, 798, 508
Foreign governments and nationals	124, 148, 165	144, 110, 972
Accrued interest	3, 164, 614	3, 533, 654
	358, 881, 185	409, 443, 134
Accounts Receivable (note 2):		
Domestic firms and individuals	25, 021, 159	30, 362, 617
U. S. Government agencies	33, 279, 284	19, 040, 149
Foreign governments and nationals	2, 247, 685	15, 941, 027
	60, 548, 128	65, 343, 793
Agents' Advances to Branch Houses, Subagents, and Others	1, 748, 150	3, 845, 753
Capital Stock in American President Lines, Ltd. (note 3)	65, 305	2, 666, 030
Materials and Supplies (note 4)	51, 013, 837	48, 354, 599

LIABILITIES

	June 30, 1953	June 30, 1952
Accounts Payable and Other Liabilities:		
Accrued estimated operating-differential subsidies, less estimated recapturable subsidies totaling $107,931,093, 1953; $71,428,219, 1952 (note 7)	$107, 907, 516	$98, 383, 604
Amounts due shipbuilders for vessels under construction	37, 866, 075	29, 427, 837
Other accounts payable and accrued accounts (note 6)	21, 522, 805	23, 337, 644
Advances from other U. S. Government agencies	34, 043, 118	16, 481, 378
Deposits by contractors, amounts related to unconsummated transactions, and other unallocated collections	2, 915, 875	6, 978, 321
Unclaimed wages of seamen and others (note 8)	126	3, 964, 783
Amount withheld from purchaser of ship pending settlement of controversial sale (note 6)	1, 679, 171	
Miscellaneous deferred credits	85, 340	
Amounts withheld from employees for purchase of savings bonds and payment of taxes	616, 496	456, 145
	206, 636, 522	179, 029, 712
Net Unterminated Voyage Revenues (unterminated voyage revenues, less unterminated voyage expenses totaling $4,869,209, 1953; $8,811,635, 1952)	5, 477, 623	7, 652, 769

VESSELS OWNED (at cost or assigned amounts) (note 5)	4,453,650,102	4,351,632,976
VESSELS UNDER CONSTRUCTION	162,291,163	138,372,762
LAND AND SITE DEVELOPMENT, STRUCTURES, AND EQUIPMENT: (at cost, estimated cost, or assigned amounts) (note 5) (schedule 1):		
Reserve shipyards	77,994,090	78,001,762
Maritime Service training facilities	43,001,820	45,318,856
Marine terminals	31,990,960	31,985,873
Reserve fleet sites	15,461,201	14,583,153
Warehouses	3,693,752	3,647,156
Administrative equipment	2,417,878	2,092,524
	174,559,701	175,629,324
OTHER ASSETS:		
Treasury deposits subject to refund or application to operations of future periods (note 6)	2,131,951	----------
Deferred charges and other miscellaneous items	1,064,293	3,365,154
Advances to other U. S. Government agencies	741,536	864,773
	3,937,780	4,229,927
	$5,405,459,950	$5,381,124,187

RESERVES:		
For estimated claims in connection with vessels sold under the Merchant Ship Sales Act, 1946	12,500,000	---------
For estimated expense of restoring vessels to the reserve fleet	1,196,724	2,828,448
For estimated liability under assumed insurable risks on operated vessels	1,616,764	2,750,000
	15,313,488	5,578,448
EQUITY OF THE UNITED STATES GOVERNMENT (exhibit 3)	5,178,032,317	5,188,863,258
	$5,405,459,950	$5,381,124,187

The notes to financial statements are an integral part of this statement.

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION
DEPARTMENT OF COMMERCE

Statement of Operations for the Years Ended June 30, 1953 and 1952

	Year Ended June 30 1953	Year Ended June 30 1952
Current Year Operations:		
Operating activities:		
Revenues and reimbursements:		
Operations of National Shipping Authority	$122,894,617	$283,246,733
Chartering of vessels to others (exclusive of those included in operations of National Shipping Authority)	4,491,539	10,849,271
Operation of marine terminals	904,073	1,187,118
Maintenance of reserve fleet vessels (reimbursement for care and custody of U. S. Coast Guard vessels)	5,640	----------
Training of Maritime Service officers and seamen	298,888	159,589
Operation of warehouses	36,001	35,667
Maintenance of reserve shipyards	407,076	228,458
Total revenues and reimbursements	129,037,834	295,706,836
Costs and expenses:		
Operations of National Shipping Authority	93,408,220	277,985,788
Operation of marine terminals	505,668	590,680
Maintenance of reserve fleet vessels	5,071,671	5,125,378
Training of Maritime Service officers and seamen	4,485,811	4,706,431
Operation of warehouses	871,899	764,090
Maintenance of reserve shipyards	823,834	637,293
Total costs and expenses	105,167,103	289,809,660
Net costs and expenses (— income):		
Operations of National Shipping Authority (schedule 2)	−29,486,397	−5,260,945
Chartering of vessels to others (exclusive of those included in operations of National Shipping Authority)	−4,491,539	−10,849,271
Operation of marine terminals	−398,405	−596,438
Maintenance of reserve fleet vessels	5,066,031	5,125,378
Training of Maritime Service officers and seamen	4,186,923	4,546,842
Operation of warehouses	835,898	728,423
Maintenance of reserve shipyards	416,758	408,835
Total net costs and expenses (— income)	−23,870,731	−5,897,176
Direct subsidies and cost of national defense features:		
Estimated operating-differential subsidies (note 7)	108,865,895	44,548,827
Less—Adjustment of estimated recapturable subsidies	36,502,875	8,153,091
	72,363,020	36,395,736
Cost of national defense features	-- - --	9,033,974
Construction-differential subsidies (note 9)	−852,695	9,008,348
	71,510,325	54,438,058
Excess of recorded costs of vessels sold over proceeds of sales, and vessel losses and abandonments	2,188,241	4,509,230
Administrative expenses—amount allocated to N. S. A. excluded	8,567,346	8,669,052
Other income and adjustments (— income):		
Interest earned on notes and accounts receivable	−13,487,159	−14,842,746
Net income from sale of capital stock of American President Lines, Ltd. (note 3)	−6,527,833	----------
Inventory and other property adjustments	−887,712	−2,297,410
Loss on sale of surplus property and scrap	1,051,548	−434,792
Net income from War Risk Insurance Program	−86,238	----------
Miscellaneous	−1,132,067	−1,608,900
	−21,069,461	−19,183,848
Net cost of current year operations (note 5)	37,325,720	42,535,316
Adjustments Applicable to Prior Years:		
Net charges arising from adjustments and settlements related principally to World War II activities	19,208,011	26,738,843
Participation in profits of World War II insurance syndicates	−2,765,031	−1,400,000
	16,442,980	25,338,843
Net Cost of Operations (note 5)	$53,768,700	$67,874,159

The notes to financial statements are an integral part of this statement.

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION
DEPARTMENT OF COMMERCE

Statement of Equity of the United States Government for the Years Ended June 30, 1953 and 1952

	Year Ended June 30	
	1953	1952
Balance, Beginning of Year	$5,188,863,258	$5,226,037,641
Additions:		
Funds appropriated by the Congress (excludes $1,200,000 for fiscal year 1953 and $1,750,000 for fiscal year 1952 appropriated in prior years but continued available for obligation in fiscal years 1953 and 1952, and $380,610 allocated to Department of Commerce in fiscal year 1952)	179,865,050	217,939,090
Vessel construction costs paid from funds advanced by Department of the Navy	6,098,757	27,601,775
Increase in capitalized value of vessels owned as a result of final determination of costs	3,870,302	----------
Expenditures from funds appropriated to the Secretary of the Treasury for liquidation of obligations incurred against funds of the War Shipping Administration prior to January 1, 1947	3,700,172	6,821,417
Recorded value of S. S. *Pvt. Joe P. Martinez* transferred from the Department of the Navy	2,511,877	----------
Expenditures from "Payment of Certified Claims" account of the U. S. Treasury	1,487,678	961,637
Funds allocated from Department of State for the training of Philippine cadets	132,553	91,260
Contributions received toward construction of a Chapel at the United States Merchant Marine Academy, Kings Point, N. Y	26,128	(1)
Miscellaneous	78,881	713
	197,771,398	253,415,892
	5,386,634,656	5,479,453,533
Reductions:		
Net cost of operations for the years (exhibit 2)	53,768,700	67,874,159
Payments into the general fund of the U. S. Treasury, less $1,695,848 in 1953 subject to refund	92,015,709	188,975,209
Recorded cost of vessels transferred to the Department of the Navy	43,471,238	21,636,973
Accounts receivable from foreign Governments transferred to the Department of State	14,375,577	----------
Recorded cost of reserve shipyard facilities at Pascagoula, Miss., transferred to Ingalls Shipbuilding Corporation	----------	2,947,946
Recorded cost of Fort Trumbull, Conn., Maritime Training School transferred to the Department of the Navy	2,161,069	----------
Recorded cost of Pass Christian, Miss., Maritime Service cadet school transferred to the Department of the Navy	----------	1,407,755
Inventories and equipment transferred to state and U. S. Government agencies	1,520,251	305,173
Lapsed appropriations transferred to the "Payment of Certified Claims" account of the U. S. Treasury, less $426,900 in 1953 subject to refund	765,398	7,301,303
Uncollectible accounts receivable transferred to the General Accounting Office	447,024	141,757
Inventories of materials and supplies used in Grain Storage Program for U. S. Department of Agriculture, Production and Marketing Administration, exclusive of expenditures of $339,632 which were reimbursed	77,373	----------
	208,602,339	290,590,275
Balance, Close of Year	$5,178,032,317	$5,188,863,258

[1] Contributions received toward construction of chapel in prior years were credited to net cost of operations for the year. Contributions of $94,530 were received during the year ended June 30, 1952.

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION
DEPARTMENT OF COMMERCE

Statement of Sources and Application of Funds for the Year Ended June 30, 1953

SOURCES:		
Funds appropriated by the Congress		$179,865,050
Proceeds from sale of capital stock of American President Lines, Ltd		9,128,558
Vessel construction costs paid from funds advanced by the Department of the Navy		6,098,757
Funds provided by the Secretary of the Treasury for liquidation of obligations incurred against funds of the War Shipping Administration prior to January 1, 1947		3,700,172
Funds provided from the "Payment of Certified Claims" account of the U. S. Treasury		1,487,678
Proceeds from sale of vessels		263,353
Funds provided by the Department of State for the training of Philippine cadets		132,553
Miscellaneous contributions from other Government agencies		78,881
Contributions for construction of chapel		26,128
Decrease in working capital during the year (per summary below)		133,096,120
Total funds provided		$333,877,250
APPLICATION:		
Net cost of operations (per Statement of Operations)	$53,768,700	
Add net income from sale of capital stock of American President Lines, Ltd., considered in determination of net cost of operations	6,527,833	
Loss on sale of vessels	−140,162	
		$60,156,371
Expenditures for vessels owned and under construction		163,428,101
Payments into the General Funds of the U. S. Treasury, less $1,695,848 subject to refund		92,015,709
Accounts receivable from foreign Governments transferred to the Department of State		14,375,577
Inventories and equipment transferred to State and U. S. Government agencies		1,520,251
Lapsed appropriations transferred to the "Payment of Certified Claims" account of the U. S. Treasury, less $426,900 subject to refund		765,398
Expenditures for Land and Site Development, Structures and Equipment		1,091,446
Uncollectible accounts receivable transferred to the General Accounting Office		447,024
Inventories of materials and supplies used in Grain Storage Program for U. S. Department of Agriculture, Production and Marketing Administration, exclusive of expenditures of $339,632 which were reimbursed		77,373
Total funds applied		$333,877,250

Summary of Changes in Working Capital

	Year Ended June 30		Changes in Working Capital	
	1953	1952	Increase	Decrease
Assets:				
Cash	$138,764,599	$181,605,889		$42,841,290
Notes receivable	358,881,185	409,443,134		50,561,949
Accounts receivable and agents' advances	62,296,278	69,189,546		6,893,268
Materials and supplies	51,013,837	48,354,599	$2,659,238	
Other assets	3,937,780	4,229,927		292,147
Total	614,893,679	712,823,095		
Liabilities:				
Accounts payable and other liabilities	206,636,522	179,029,712		27,606,810
Net unterminated voyage revenues	5,477,623	7,652,769	2,175,146	
Reserves	15,313,488	5,578,448		9,735,040
Total	227,427,633	192,260,929		
Working capital	387,466,046	520,562,166		
Decrease in working capital			133,096,120	
			$137,930,504	$137,930,504

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION
DEPARTMENT OF COMMERCE

Notes to Financial Statements—June 30, 1953 and 1952

1. The balance sheets and the statements of operations include transactions recorded in the accounts of certain steamship companies which operated vessels for the Administration under General Agency agreements.

2. No provision for loss has been made in connection with any notes or accounts receivable which may prove to be uncollectible. Accounts receivable from domestic firms and individuals included $6,974,935 at June 30, 1953, and $8,949,071 at June 30, 1952, which had been referred to Department of Justice for collection. Notes receivable from domestic firms included $458,966 at June 30, 1953, which had been referred to Department of Justice for collection.

3. The United States Government acquired possession of 93 percent of the outstanding common stock of the American President Lines, Ltd. (formerly Dollar Steamship Lines, Inc., Ltd.), by transfer of such stock to the former United States Maritime Commission. The Dollar interests claiming ownership of this stock instituted suit for its recovery. After protracted litigation, the Secretary of Commerce, with approval and ratification by the Attorney General, entered into a settlement agreement with the Dollar interests providing for public sale of the 100,145 shares of Class A common stock and 2,100,000 shares of class B common stock which were the subject of the litigation, at a minimum price of $14,000,000 and a division of the net proceeds of sale on a 50–50 basis and, in the event of no sale, an equal division of the stock between the Dollar interests and the United States Government. This stock was sold to the highest bidder on October 28, 1952, for $18,360,000. The expense of sale, as verified by audit, was reported by the Riggs National Bank, trustee, to be $102,884.94, leaving $18,257,115.06 as the net proceeds, of which the United States Government's share was $9,128,557.53 or $6,527,832.53 in excess of the recorded value of $2,600,725. The remainder of the stock held by the United States Government consisting of 13,061 shares of Class A common stock, involved in separate litigation as to ownership, was in the course of settlement by negotiation at June 30, 1953.

4. Inventories of materials and supplies are valued at stock catalog prices which represent cost or estimated cost to the Administration. No consideration was given to the physical condition of the inventories in establishing these prices.

5. In accordance with generally accepted accounting practices of noncorporate Federal agencies the financial statements do not include an allowance for depreciation of vessels or other tangible fixed assets. With respect to sales of vessels this practice results in larger recorded losses, and with respect to other current year operations, the recorded net costs and expenses are less than would have been the case had depreciation been recognized in the accounts. During the fiscal year 1953 the "Vessels Owned" account increased approximately $102,000,000, principally because of the completion of 10 Mariner vessels costing approximately $96,000,000. The additional amount is comprised of the adjustment of the value of vessels previously recorded, a ship transferred from the Navy, and ships sold or scrapped.

6. Treasury deposits subject to refund or application to operations of future periods include an amount of $1,679,171 at June 30, 1953, for payment of operating-differential subsidies which were withheld from purchaser of a ship and deposited into the General Funds of the United States Treasury pending settlement of controversial sale of ship under title V of Merchant Marine Act, 1936. In addition to the amount of $1,679,171 withheld, accounts payable include $7,025,647 due to the purchaser for operating-differential subsidies for which vouchers were transmitted to the General Accounting Office for determination as to whether payment should be made to the purchaser or deposited into the General Funds of the United States Treasury.

7. The net operating-differential subsidies payable to each subsidized operator are determinable only after the completion of a 10-year contract period. The estimated recapturable subsidy of $107,931,093 at June 30, 1953, and $71,428,219 at June 30, 1952, therefore, will be revised subsequently in the light of operating revenues or losses during the later years of the contracts. The amount payable includes operating differential subsidies of $2,131,709 withheld from payment to an operator for the calendar years 1948, 1949 and 1950 under an agreement whereby such "holdback" would be made to cover any amounts that may be found due the United States as the result of the redetermination of the construction-differential subsidy allowance granted in connection with the reconstruction of several vessels. The provision for estimated operating-differential subsidies of $108,865,895 for the year ended June 30, 1953, includes adjustments of approximately $19,000,000 applicable to prior fiscal years.

8. Unclaimed wages of seamen and others in the amount of $3,956,538, which had been held for one year or more by the Maritime Administration were transferred during fiscal year 1953 to the General Accounting Office. Settlement of claims for these unclaimed wages will be made by the General Accounting Office.

9. Construction-differential subsidy includes $97,305 subsidy expense for the year, and a reimbursement by a purchaser of $950,000 towards an undetermined amount of excess construction-differential subsidy allowed during prior years which will be due to the Maritime Administration when the Maritime Board has finalized the redetermination of the construction-differential subsidy rate in connection with the sale of ships.

10. The Maritime Administration was contingently liable under agreements insuring mortgages payable to a lending institution totaling $370,833 at June 30, 1953, and $445,883 at June 30, 1952.

11. The Administration was contingently liable for undetermined amounts in connection with settlements to be made under 1,536 claims against the Administration aggregating $352,635,000 at June 30, 1953, and 2,155 claims aggregating $325,572,149 at June 30, 1952. As a partial offset against these unrecorded liabilities the Administration had a number of unrecorded assets and claims receivable in connection with settlements to be made under 1,020 claims in favor of the Administration aggregating $25,039,000 at June 30, 1953, and 1,555 claims in favor of the Administration aggregating $43,561,763 at June 30, 1952. Many of the claims both against or in favor of the Administration represent adjustments of preliminary settlements, and others require original determinations to be made. Based on previous experience, it is anticipated that settlements of these claims will be made for amounts substantially less than the gross amount of the claims. Included among the funds available for payment of claims was an unexpended balance of $108,401,530 at June 30, 1953, and $112,101,702 at June 30, 1952, in a fund appropriated to the Secretary of the Treasury for payment of obligations incurred by the War Shipping Administration prior to January 1, 1947. This fund, which was continued available during the fiscal year 1953, is not included in the accounts of the Administration.

12. The Administration has been granted authority by Congress to enter into contracts for the construction of vessels prior to the appropriation of funds for that purpose. At June 30, 1953, the amount of this authority was $109,191,924 of which $78,734,694 was encumbered by contractual obligations, leaving an unobligated balance of $30,457,230 as at that date, and at June 30, 1952, the amount of this authority was $249,249,925, of which $207,961,487 was encumbered by contractual obligations, leaving an unobligated balance of $41,288,438 as at that date.

13. At June 30, 1953, the Administration had an obligation to return to owners United States Government securities in the amount of $6,278,500. The obligation at June 30, 1952, was $6,118,750. These securities had been accepted from vessel charterers, subsidized operators and other contractors to assure performance under contracts, and are held for safekeeping in the United States Treasury.

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION
DEPARTMENT OF COMMERCE

Land and Site Development, Structures, and Equipment—June 30, 1953

	Recorded value June 30, 1953	Land and site development	Buildings and structures	Yard transportation system	Machinery and equipment	Automobiles and trucks	Training vessels and service craft	Administrative furniture and equipment
RESERVE SHIPYARDS:								
Alameda, Calif.	$17,126,461	$3,393,675	$7,304,854	$928,820	$5,333,797	$9,713		$155,602
Pascagoula, Miss.	6,703,268	695,079	3,560,576	281,613	2,071,122	43,022		51,856
Richmond, Calif.	17,792,736	4,577,455	8,374,378	188,007	4,481,320	32,945	$1	138,630
Sparrows Point, Md.	3,883,781	341,252	2,069,932	286,086	1,186,349			162
Vancouver, Wash.	17,356,732	2,583,997	8,146,878	185,429	6,261,163	60,337		118,928
Wilmington, N. C.	15,131,112	2,877,465	5,676,081	845,730	5,631,698	20,531	4,430	75,177
Total	77,994,090	14,468,923	35,132,699	2,715,685	24,965,449	166,548	4,431	540,355
MARITIME SERVICE TRAINING FACILITIES:								
Cadet schools	11,531,821	1,745,361	7,673,309		1,730,186	57,358	65,674	259,933
Training stations	19,700,100	4,953,447	13,221,089		1,002,352	79,585	108,951	334,676
Training vessels	11,687,868						11,687,868	
Administrative offices	82,031				58,841	11,650		11,540
Total	43,001,820	6,698,808	20,894,398		2,791,379	148,593	11,862,493	606,149
MARINE TERMINALS:								
Boston, Mass.	12,656				8,311	3,402		943
Hoboken, N. J.	6,489,796	2,477,331	3,921,520		90,630			315
Hog Island, Pa.	2,550,000	[1] 2,550,000						
Norfolk, Va.	22,806,445	5,095,163	16,421,999	1,122,744	154,940	11,193		406
Philadelphia, Pa.	132,063		91,790		14,980	5,285		20,008
Total	31,990,960	10,122,494	20,435,309	1,122,744	268,861	19,880		21,672
RESERVE FLEET SITES:								
Astoria, Oreg.	2,653,717	2,226,098	2,500		84,263	2,683	328,948	9,225
Beaumont, Tex.	4,014,192	2,665,428	636,301		112,975	1,367	587,240	10,881
Hudson River, N. Y.	537,586	24,029	6,400		240,222	2,413	258,459	6,063
James River, Va.	2,128,764	346,881	446,274		678,326	6,724	637,218	13,341
Mobile, Ala.	1,925,852	722,199	274,733		66,994	4,617	848,478	8,831
Olympia, Wash.	354,565	26,028			55,599	3,067	256,068	13,803
Suisun Bay, Calif.	724,931	110,704	87,067		49,300	2,692	458,307	16,861
Wilmington, N. C.	3,121,594	2,148,447	59,173		313,278	10,222	554,219	36,255
Total	15,461,201	8,269,814	1,512,448		1,600,957	33,785	3,928,937	115,260

WAREHOUSES:								
Baltimore, Md	2,511,603	368,931	1,481,502	105,170	482,164	31,006	----------	42,830
Hoboken, N. J	114,716	----------	----------	----------	68,371	36,205	----------	10,140
New Orleans, La	105,716	----------	----------	----------	70,523	13,337	----------	21,856
Norfolk, Va	35,016	----------	----------	----------	19,465	8,820	----------	6,731
Richmond, Calif	926,701	31,972	790,642	37,080	49,404	5,183	----------	12,420
Total	3,693,752	400,903	2,272,144	142,250	689,927	94,551	----------	93,977
ADMINISTRATIVE EQUIPMENT:								
Washington District	1,312,801	----------	----------	----------	----------	14,732	----------	1,298,069
Atlantic Coast District	382,044	----------	----------	----------	----------	9,157	----------	372,887
Pacific Coast District	590,872	----------	----------	----------	----------	18,329	----------	572,543
Gulf Coast District	132,161	----------	----------	----------	----------	6,331	----------	125,830
Total	2,417,878	----------	----------	----------	----------	48,549	----------	2,369,329
Grand total	$174,559,701	$39,960,942	$80,246,998	$3,980,679	$30,316,573	$511,906	$15,795,861	$3,746,742

[1] Capital value of ground rent.

Schedule 2

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION DEPARTMENT OF COMMERCE

Statement of Operations of National Shipping Authority for the Years Ended June 30, 1953 and 1952

	Year Ended June 30	
	1953	1952
SHIPPING OPERATIONS:		
Vessels operated by general agents:		
Terminated voyage results (terminated voyages: 450, 1953; 1,712, 1952):		
Revenue	$76.675,012	$216,420,177
Expenses	79,335,211	194,278,128
Gross profit (−loss) from vessel operations	−2,660,199	22,142,049
Chartering of vessels to others	6,402,611	25,728,823
Total gross income from shipping operations	3,742,412	47,870,872
NONSHIPPING OPERATIONS:		
Vessel reactivation costs	6,647,077	74,670,984
Vessel deactivation costs (expense of restoring vessels to the reserve fleet)	4,816,145	5,924,000
Miscellaneous expenses	393,787	132,676
	11,857,009	80,727,660
Less—Nonshipping income and reimbursements of vessel reactivation and deactivation costs	39,816,994	41,097,733
Net cost (−income) of nonshipping operations	−27,959,985	39,629,927
	31,702,397	8,240,945
ADMINISTRATIVE EXPENSES	2,216,000	2,980,000
NET INCOME FROM OPERATIONS	$29,486,397	$5,260,945

FEDERAL MARITIME BOARD AND MARITIME ADMINISTRATION DEPARTMENT OF COMMERCE

Statement of Operations of National Shipping Authority from Inception to June 30, 1953

		Vessels operated by general agents				
	Total	*Foreign Operations Administration*	*Military Sea Transportation Service*	*Miscellaneous*	*Total*	*Chartering of vessels to others*
SHIPPING OPERATIONS:						
Revenue	$330,527,593	$191,809,071	$104,047,718	$2,539,369	$298,396,158	$32,131,435
Expenses	276,825,624	172,019,820	104,073,321	732,483	276,825,624	(1)
Gross income (—loss) from shipping operations	53,701,969	19,789,251	−25,603	1,806,886	21,570,534	32,131,435
NONSHIPPING OPERATIONS:						
Vessel reactivation costs	100,692,848	78,197,187	20,715,268	332,469	99,244,924	[1] 1,447,924
Vessel deactivation costs (expense of restoring vessels to the reserve fleet)	12,816,145	8,602,000	3,758,270	378,016	12,738,286	77,859
Miscellaneous expenses	526,465	261,026	97,595	----------	358,621	167,844
	114,035,458	87,060,213	24,571,133	710,485	112,341,831	1,693,627
Less—Nonshipping income and reimbursements of vessel reactivation and deactivation costs	80,914,728	54,056,617	26,573,864	135	80,630,616	284,112
Net income (—loss) from nonshipping operations	−33,120,730	−33,003,596	2,002,731	−710,350	−31,711,215	−1,409,515
	20,581,239	−13,214,345	1,977,128	1,096,536	−10,140,681	30,721,920
ADMINISTRATIVE EXPENSES	5,525,700	3,140,371	2,031,247	5,526	5,177,144	348,556
NET INCOME (—LOSS) FROM OPERATIONS	$15,055,539	[2] −$16,354,716	−$54,119	$1,091,010	−$15,317,825	$30,373,364

[1] Vessel reactivation costs applicable to vessels chartered to others include all vessel repair expenses not chargeable to charterers.

[2] Net loss from operations for account of Foreign Operations Administration resulted from the program being terminated on such an early date that revenues from shipping services were not sufficient to amortize ship reactivation and other expenses. The Comptroller General of the United States in a ruling B-101798, dated July 8, 1953, held that no statutory provisions were violated and that under the terms of an agreement dated October 25, 1951 (amended), there was no obligation upon the Foreign Operations Administration to reimburse the Maritime Administration for unamortized costs in excess of the monetary limitations contained in Clause 3 (b) of the agreement.

APPENDIXES

APPENDIX A

Deliveries of New Merchant Ships—Fiscal Year Ended June 30, 1953

Seagoing steam and motor, 1,000 gross tons and over, by type, country in which built, and for which built; excludes ships built for operation on the Great Lakes, inland waterways, by Armed Forces, and special types such as cable ships, tugs, etc.

Country for which built	Total		Country in which built																			
			United States		United Kingdom		Sweden		Netherlands		Norway		Denmark		France		Italy		Japan		Germany		All others	
	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons	Number	Deadweight tons
SUMMARY—ALL SHIP TYPES																								
Total	568	5,800,014	29	613,933	155	1,689,486	50	615,420	39	310,932	20	146,388	15	135,772	37	254,270	18	168,950	67	950,967	113	746,624	25	137,272
United States	20	375,063	20	375,063	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----
United Kingdom	112	1,160,256	----	----	110	1,130,981	----	----	----	----	----	----	----	----	----	----	----	----	1	26,650	1	2,625	----	----
Sweden	32	315,768	----	----	2	20,000	24	266,520	----	----	----	----	----	----	----	----	----	----	----	----	5	23,248	1	6,000
Netherlands	16	150,267	----	----	----	----	----	----	14	127,267	----	----	----	----	----	----	----	----	----	----	2	23,000	----	----
Norway	63	715,094	----	----	16	187,345	17	271,200	----	----	20	146,388	4	42,720	----	----	----	----	----	----	6	67,441	----	----
Denmark	18	190,537	----	----	----	----	4	67,150	----	----	----	----	10	74,552	----	----	----	----	1	19,225	3	29,610	----	----
France	54	350,760	----	----	1	3,350	2	21,975	12	45,815	----	----	1	18,500	37	254,270	----	----	----	----	1	6,850	----	----
Italy	14	171,020	----	----	----	----	----	----	----	----	----	----	----	----	----	----	12	137,400	----	----	2	33,620	----	----
Japan	51	561,887	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	51	561,887	----	----	----	----
Germany	80	413,190	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	80	413,190	----	----
All others	108	1,396,172	9	238,870	26	347,810	3	18,575	13	137,850	----	----	----	----	----	----	6	31,550	14	343,205	13	147,040	24	131,272

COMBINATION PASSENGER AND CARGO

Total	44	246,816			7	46,095	2	2,000	3	7,957			2	1,820	16	122,098	10	34,150	1	10,700	1	11,500	2	10,496
United States																								
United Kingdom	5	42,370			5	42,370																		
Sweden	1	1,000					1	1,000																
Netherlands	1	6,957							1	6,957														
Norway	3	4,295			2	3,725							1	570										
Denmark	1	1,250											1	1,250										
France	16	122,098													16	122,098								
Italy	7	28,600															7	28,600						
Japan	1	10,700																	1	10,700				
Germany	1	11,500																			1	11,500		
All others	8	18,046					1	1,000	2	1,000							3	5,550					2	10,496

FREIGHTERS

Total	348	2,412,641	11	135,100	91	723,195	17	114,495	23	111,255	13	70,350	8	56,302	20	114,972	2	7,400	45	447,103	99	543,434	19	89,035
United States	10	129,100	10	129,100																				
United Kingdom	73	579,485			72	576,860															1	2,625		
Sweden	20	123,658			2	20,000	12	74,410													5	23,248	1	6,000
Netherlands	11	85,790							9	62,790											2	23,000		
Norway	25	177,241			5	42,950	4	37,510			13	70,350									3	26,431		
Denmark	11	85,912											8	56,302							3	29,610		
France	31	146,152					1	2,575	9	21,755					20	114,972					1	6,850		
Italy																								
Japan	45	447,103																	45	447,103				
Germany	76	379,740																			76	379,740		
All others	46	258,460	1	6,000	12	83,385			5	26,710							2	7,400			8	51,930	18	83,035

TANKERS

Total	176	3,140,557	18	478,833	57	920,196	31	528,925	13	101,720	7	76,038	5	77,650	1	17,200	6	127,400	21	493,164	13	191,690	4	37,741
United States	10	245,963	10	245,963																				
United Kingdom	34	538,401			33	511,751													1	26,650				
Sweden	11	191,110					11	191,110																
Netherlands	4	57,520							4	57,520														
Norway	35	533,558			9	140,670	13	233,690			7	76,038	3	42,150							3	41,010		
Denmark	6	103,375					4	67,150					1	17,000					1	19,225				
France	7	82,510			1	3,350	1	19,400	3	24,060			1	18,500	1	17,200								
Italy	7	142,420															5	108,800			2	33,620		
Japan	5	104,084																	5	104,084				
Germany	3	21,950																			3	21,950		
All others	54	1,119,666	8	232,870	14	264,425	2	17,575	6	110,140							1	18,600	14	343,205	5	95,110	4	37,741

APPENDIX B

Ships of 1,000 Gross Tons and Over Delivered by United States Shipyards July 1, 1952, to June 30, 1953

Account and ship type	Total		July 1, 1952 to Sept. 30, 1952		Oct. 1, 1952, to Dec. 31, 1952		Jan. 1, 1953, to Mar. 31, 1953		Apr. 1, 1953, to June 30, 1953	
	Number	Dead weight	Number	Dead weight	Number	Dead weight	Number	Dead weight	Number	Dead weight
Maritime Administration										
Major types:										
Standard cargo	10	129,100			6	77,460	3	38,730	1	12,910
Combination passenger and cargo	[1] 2	21,200	1	10,600	1	10,600				
Total Maritime Administration	12	150,300	1	10,600	7	88,060	3	38,730	1	12,910
Private and foreign account										
Major types:										
Cargo	12	225,450	7	124,250	1	20,000			4	81,200
Tankers	18	478,833	4	101,042	2	56,050	6	158,044	6	163,697
Total major types	30	704,283	11	225,292	3	76,050	6	158,044	10	244,897
Minor types:										
Ferry	2	5,600	1	2,800			1	2,800		
Total minor types	2	5,600	1	2,800			1	2,800		
Total private and foreign account	32	709,883	12	228,092	3	76,050	7	160,844	10	244,897
Grand total	44	860,183	13	238,692	10	164,110	10	199,574	11	257,807

[1] Constructed for Military Sea Transportation Service.

APPENDIX C

Progress of Construction on Ships Under Maritime Administration Contracts on June 30, 1953

Type	Name	Builder	Date of contract	Keel laid	Percent complete	Estimated delivery
C4-S-1a	Volunteer Mariner	Newport News Shipbuilding & Dry Dock Co., Newport News, Va.	Feb. 7, 1951	Apr. 28, 1952	97.52	Aug. 14, 1953
C4-S-1a	Palmetto Mariner	do	do	Oct. 20, 1952	80.73	Oct. 23, 1953
C4-S-1a	Cracker State Mariner	do	do		45.54	Mar. 19, 1954
C4-S-1a	Magnolia Mariner	Ingalls Shipbuilding Corp., Pascagoula, Miss	do	Sept. 12, 1951	98.0	Aug. 14, 1953
C4-S-1a	Cotton State Mariner	do	do	Oct. 19, 1951	96.5	Sept. 11, 1953
C4-S-1a	Pelican State Mariner	do	do	Jan. 5, 1953	68.4	Feb. 19, 1954
C4-S-1a	Peninsula Mariner	do	do	Feb. 2, 1953	65.7	Apr. 16, 1954
C4-S-1a	Gopher Mariner	Bethlehem-Sparrows Point Shipyard, Sparrows Point, Md.	do	June 5, 1952	92.4	Aug. 24, 1953
C4-S-1a	Show Me Mariner	do	do	Sept. 29, 1952	71.4	Nov. 3, 1953
C4-S-1a	Sunflower Mariner	do	do	Jan. 20, 1953	51.6	Jan. 19, 1954
C4-S-1a	Nutmeg Mariner	Bethlehem Steel Co., Quincy, Mass	do	Apr. 14, 1952	95.36	Aug. 21, 1953
C4-S-1a	Wolverine Mariner	do	do	Sept. 2, 1952	86.47	Sept. 25, 1953
C4-S-1a	Hoosier Mariner	Sun Shipbuilding & Dry Dock Co., Chester, Pa	do	Aug. 15, 1951	96.7	Aug. 5, 1953
C4-S-1a	Badger Mariner	do	do	Oct. 15, 1951	82.4	Nov. 20, 1953
C4-S-1a	Hawkeye Mariner	do	do	Oct. 25, 1951	62.2	Feb. 20, 1954
C4-S-1a	Garden Mariner	New York Shipbuilding Corp., Camden, N. J	June 25, 1951	Mar. 17, 1952	91.34	Sept. 30, 1953
C4-S-1a	Diamond Mariner	do	do	May 15, 1952	88.96	Nov. 11, 1953
C4-S-1a	Empire State Mariner	do	do	Sept. 15, 1952	73.67	Dec. 31, 1953
C4-S-1a	Prairie Mariner	do	do	Mar. 30, 1953	51.26	May 1, 1954
C4-S-1a	Silver Mariner	do	do	May 18, 1953	43.98	July 1, 1954
C4-S-1a	Golden Mariner	Bethlehem Pacific Coast Steel Corp., San Francisco, Calif.	Aug. 1, 1951	Nov. 20, 1952	57.18	Dec. 15, 1953
C4-S-1a	Evergreen Mariner	do	do	Feb. 16, 1953	44.81	Feb. 15, 1954
C4-S-1a	Beaver Mariner	do	do		32.58	Aug. 1, 1954
C4-S-1a	Sooner Mariner	do	do		27.43	Sept. 1, 1954
C4-S-1a	Grand Canyon Mariner	do	do		22.48	Feb. 1, 1955

APPENDIX D

New Ship Construction on June 30, 1953

	Number of ships	Type	Gross tonnage	Estimated or actual date of completion	Estimated construction cost	Cost chargeable to Maritime Administration	Cost reimbursable by Department of Defense
Ships under construction: Title VII of Merchant Marine Act, 1936	25	C4-S-1a Cargo	242,500	Feb. 1, 1955	$253,422,550	$253,422,550	
Design and service contracts:							
Design for cargo prototype (C3-S-DX1)				Sept. 1, 1953	875,000	875,000	
Design for cargo ship with conversion features (C4-S-1a)				Nov. 1, 1953	1,800,000	1,500,000	$300,000
Design contract troopship conversion (P2-S1-DN3)				July 15, 1953	177,858		177,858
Design contract troopship conversion (P6-S4-DS1)				Jan. 1, 1954	309,354		309,354
Conversion plans for S. S. *Monterey*				Jan. 1, 1954	200,000		200,000
Total design and service contracts					3,362,212	2,375,000	987,212
Total construction, design and service contracts					256,784,762	255,797,550	987,212

APPENDIX E

Status of Operating Subsidy Agreements on June 30, 1953

Name of operator	Effective date subsidy payments resumed	Expiration date of agreement	Number of ships normally assigned			Permanent rates available
			Passenger	Cargo and passenger (comb.)	Cargo	
OPERATORS WITH EXTENDED (POSTWAR) AGREEMENTS						
American Export Lines, Inc	Jan. 1, 1948	Dec. 31, 1965	2	4	24	
American Mail Line, Ltd	Jan. 1, 1947	Dec. 31, 1960 [1]			9	Yes
American President Lines, Ltd	do	Dec. 31, 1957 [2]		[3] 4	12	Yes
Farrell Lines, Inc.:						
South and East African Service	do	Dec. 31, 1959		2	9	Yes [4]
West African Service	Apr. 25, 1947	do			5	Yes

Grace Line Inc.	Jan. 1, 1947	Dec. 31, 1957 [5]		6	9	
Line C	Oct. 1, 1952	do		5	3	Yes [6]
Lykes Bros. Steamship Co., Inc.	Jan. 1, 1947	do			51	Yes
Mississippi Shipping Co.	do	do		3	11	Yes
Moore-McCormack Lines, Inc.:						
Cargo Services	do	do [7]			33	Yes
Good Neighbor Fleet	May 8, 1949	June 30, 1954 [8]		[9] 3		Yes
New York & Cuba Mail Steamship Co.	Jan. 1, 1948	Dec. 31, 1953 [10]			6	Yes
Seas Shipping Company, Inc.	Jan. 1, 1947	Dec. 31, 1957			12	Yes
The Oceanic Steamship Co.	Jan. 1, 1948	do			4	Yes
United States Lines Company:						
Cargo Services	do	Dec. 31, 1949			40	Yes
Do	Jan. 1, 1950	Dec. 31, 1965 [11]			40	Yes
S. S. *America*	Aug. 2, 1948	Aug. 1, 1958	1			Yes
S. S. *United States*	June 20, 1952	do [12]	1			

NEW OPERATORS WITH POSTWAR AGREEMENTS

Pacific Argentine Brazil Line, Inc.	Jan. 26, 1949	Dec. 31, 1958			4	Yes
Pacific Far East Line, Inc.	Jan. 1, 1953	Dec. 31, 1962			[13] 8	
Pacific Transport Lines, Inc.	do	do			[14] 5	

[1] Contract is subject to earlier termination if satisfactory arrangements for replacement of ships are not completed prior to each ship's reaching 18 years of age (oldest ship will become 18 years old in 1959).

[2] Contract is subject to earlier termination if satisfactory arrangements for replacement of Round-the-World and Trans-Pacific Passenger Services ships are not completed within 120 days after request therefor is made by Board.

[3] Includes 2 combination passenger-freight ships, *President Cleveland* and *President Wilson*, chartered from Maritime Administration.

[4] Rates for combination passenger and cargo ships (*African Endeavor* and *African Enterprise*) not yet determined.

[5] Contract subject to earlier termination as to any or all services if satisfactory replacement program for *Santa Rosa* and *Santa Paula* not completed.

[6] Rates for combination ships not yet determined.

[7] Addendum No. 1 to Contract MCc-62436 provides that the subsidy agreement shall extend to Dec. 31, 1957: *Provided*, That the United States shall have the right to terminate the agreement 90 days after written notice to the operator in the event the operator fails to proceed promptly upon request of and in a manner satisfactory to the United States, with construction or acquisition of ships, satisfactory to the United States, to serve as replacement ships of the combination passenger-cargo ships referred to as the Good Neighbor Fleet.

[8] New charter contract effective July 1, 1951, and terminating June 30, 1954, executed to succeed charter agreement which terminated June 30, 1951.

[9] Good Neighbor Fleet ships *Argentina*, *Brazil*, and *Uruguay* chartered from Maritime administration.

[10] The contract required the operator to submit an application for a new long-range operating subsidy contract, including a satisfactory replacement program, by June 30, 1952, subsequently extended by several actions to Dec. 31, 1953, otherwise the subsidy contract will expire June 30, 1952, or such later date as the Board may designate. Application for new long-range contract was filed Sept. 22, 1952, but agreement on replacement program not yet reached.

[11] Resumption contract, effective Jan. 1, 1948, expired Dec. 31, 1949. New contract, effective Jan. 1, 1950, executed on June 30, 1952, subject to condition that the operator agrees that the Maritime Administration may withhold $10 million of subsidy payable until it is determined whether or not the sales contract on the S. S. *United States* is legally binding on the Government. Attorney General has held the contract is voidable and the matter is currently the subject of negotiations between the Department of Commerce and the operator.

[12] Addendum No. 1 to Contract No. MCc-62434 was executed on June 30, 1952, incorporating the S. S. *United States* into said contract as an interim measure pending the preparation of an appropriate superseding addendum complete as to route description, number of sailings, rates of subsidy and revisions thereof, duration of agreement, replacement obligations, and all other provisions which have been adopted as standard in operating-differential subsidy agreements.

[13] Agreement requires operator to contract for purchase of 3 Mariner ships to replace 3 Victory ships, and operator is further obligated to replace its 5 C2 type ships not later than when such ships reach 12 years of age, which will be in 1958.

[14] Agreement requires operator to purchase a C3 ship to replace 1 Victory type ship.

APPENDIX F

Employment of United States-Flag Merchant Ships as of June 30, 1953

Seagoing ships of 1,000 gross tons and over; excludes ships on the inland waterways, the Great Lakes, those owned by the U. S. Army and Navy, and special types, such as cable ships, tugs, etc. (tonnage in thousands)

Status and area of employment	Total			Combination passenger and cargo			Freighters			Tankers		
	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons	Number	Gross tons	Dead-weight tons
Total, all ships [1]	*3,349*	*25,204*	*36,255*	[2] *257*	*2,333*	*2,039*	[3] *2,630*	*18,508*	*27,227*	[4] *462*	*4,363*	*6,988*
Active ships	1,415	11,458	16,737	55	674	479	964	6,922	10,059	396	3,862	6,199
United States foreign trade	933	7,380	10,342	50	636	456	786	5,754	8,297	97	992	1,589
United States domestic trade	437	3,659	5,725	5	39	23	167	1,090	1,638	265	2,531	4,064
Foreign to foreign	45	418	671				11	79	125	34	340	546
Inactive ships	1,934	13,746	19,517	202	1,659	1,560	1,666	11,586	17,168	66	501	790
Temporarily inactive	98	765	1,122	5	41	22	39	261	369	54	463	731
Maritime Administration reserve fleet	1,836	12,981	18,395	197	1,618	1,538	1,627	11,325	16,799	12	38	59
Active ships	*1,415*	*11,458*	*16,737*	*55*	*674*	*479*	*964*	*6,922*	*10,059*	*396*	*3,862*	*6,199*
United States foreign trade	933	7,380	10,342	50	636	456	786	5,754	8,297	97	992	1,589
Maritime Administration ships	216	1,689	2,156	15	238	148	198	1,442	1,996	3	10	13
Chartered	18	186	172	5	92	70	13	94	102			
General agency agreement	1	8	11				1	8	11			
For United States agency operations	197	1,495	1,973	10	146	78	184	1,340	1,883	3	10	13
Panama Canal Company	3	30	20	3	30	20						
Privately owned	714	5,662	8,165	32	368	289	588	4,313	6,301	94	982	1,576
For commercial operations	562	4,556	6,516	32	368	289	436	3,207	4,652	94	982	1,576
For United States agency operations	152	1,106	1,649				152	1,106	1,649			
United States domestic trade	437	3,659	5,725	5	39	23	167	1,090	1,638	265	2,531	4,064
Maritime Administration ships, chartered	15	79	109				15	79	109			
Privately owned	422	3,580	5,616	5	39	23	152	1,011	1,529	265	2,531	4,064

Foreign to foreign, privately owned	45	418	671	----------	----------	----------	11	79	125	34	340	546
Inactive ships	*1,934*	*13,746*	*19,517*	*202*	*1,659*	*1,560*	*1,666*	*11,586*	*17,168*	*66*	*501*	*790*
Temporarily inactive	98	765	1,122	5	41	22	39	261	369	54	463	731
Maritime Administration ships	19	138	202	----------	----------	----------	19	138	202	----------	----------	----------
Chartered	1	8	11	----------	----------	----------	1	8	11	----------	----------	----------
General agency agreement	18	130	191	----------	----------	----------	18	130	191	----------	----------	----------
Privately owned	79	628	920	5	41	22	20	123	167	54	463	731
Maritime Administration reserve fleet	1,836	12,981	18,395	197	1,618	1,538	1,627	11,325	16,799	12	38	59

[1] Excludes the following United States Government-owned tonnage transferred to:

Philippine flag (Rehabilitation Act)	8	27	38
U. S. S. R. (lend-lease)	83	518	785
Total	91	545	823

[2] Includes ships originally constructed as combination passenger and cargo ships and freighters, later converted to troop transports, hospital ships, etc., and not reconverted to their original types.

[3] Includes ships converted to store ships, repair ships, cargo attack, etc.

[4] Includes tankers converted to distilling ships.

NOTE.—Tonnage figures are not additive since the detailed figures have been rounded to the nearest thousand.

APPENDIX G

Merchant Fleets of the World as of June 30, 1953

Number, gross, and deadweight tonnage of seagoing steam and motor ships of 1,000 gross tons and over; excludes ships on the Great Lakes and inland waterways and special types such as channel ships, icebreakers, cable ships, etc., and merchant ships owned by any military force (tonnage in thousands)

Flag	Total			Type of ship: Combination passenger and cargo			Combination passenger and cargo—refrigerated			Freighters			Freighters—refrigerated			Bulk carriers			Tankers (including whaling tankers)		
	Number	Gross tons	Deadweight tons	Number	Gross tons	Deadweight tons	Number	Gross tons	Deadweight tons	Number	Gross tons	Deadweight tons	Number	Gross tons	Deadweight tons	Number	Gross tons	Deadweight tons	Number	Gross tons	Deadweight tons
Total—all flags	14, 172	83, 375	117, 127	1, 238	9, 147	7, 152	62	842	604	9, 486	48, 180	71, 523	322	1, 978	2, 176	583	1, 907	2, 983	2, 481	21, 321	32, 689
United States [1]	3, 440	25, 749	37, 077	[2] 256	2, 324	2, 035	2	14	9	[3] 2,617	18, 405	27, 080	[4] 49	294	301	53	342	652	[5] 463	4, 370	7, 000
The British Commonwealth of Nations	3, 018	19, 003	25, 050	289	2, 428	1, 701	45	733	516	1, 735	9, 301	13, 567	133	1, 200	1, 380	246	600	863	570	4, 741	7, 023
United Kingdom	2, 506	16, 787	22, 094	194	2, 031	1, 410	43	723	509	1, 393	7, 851	11, 424	129	1, 179	1, 356	213	496	711	534	4, 507	6, 684
Canada	129	613	795	35	113	63				67	347	500				3	6	9	24	147	223
Australia	120	431	581	14	87	54				88	288	440				18	56	87			
New Zealand	54	195	233	5	30	10	2	10	7	40	137	191				6	15	20	1	3	5
India	84	414	600	13	59	69				70	350	524				1	5	7			
Union of South Africa	12	70	101							12	70	101									
Pakistan	26	145	201	2	17	8				20	111	166	1	3	4	1	5	8	2	9	15
Others	87	348	445	26	91	87				45	147	221	3	18	20	4	17	21	9	75	96
Arabia	2	5	4	2	5	4															
Argentina	147	913	1, 180	21	137	95	2	25	17	68	394	585	6	18	20	4	6	8	46	333	455
Belgium	77	430	588	11	94	88	1	7	10	55	256	384	1	3	3	1	1	2	8	69	101
Brazil	192	754	1, 074	30	120	121				129	458	682				4	5	6	29	171	265
Burma	4	13	17	1	2	1				3	11	16									
Bulgaria	4	10	19							4	10	19									
Chile	44	184	249	6	25	29				22	92	122				15	56	81	1	11	17
China	149	435	614	10	30	20				110	342	509	1	3	4	5	10	15	23	50	66
Colombia	13	37	51							11	33	45							2	4	6
Costa Rica	28	135	206	1	2	2				23	115	174				2	9	16	2	9	14
Cuba	11	26	34	1	3	2				9	22	31				1	1	1			
Czechoslovakia	1	6	11							1	6	11									
Denmark	314	1, 355	1, 959	25	79	67	2	3	3	230	859	1, 258	9	22	27	11	27	40	37	365	564
Dominican Republic	6	17	21	1	3	2				4	12	16							1	2	3
Ecuador	8	17	22	1	1	1				6	15	19							1	1	2

Egypt	23	99	106	13	62	64				10	37	42									
Finland	197	557	832	6	14	5				168	434	671				12	32	46	11	77	110
France	600	3,496	4,353	80	796	481	1	10	8	338	1,515	2,181	25	94	75	47	146	206	109	935	1,402
Germany	414	1,333	2,112	9	43	56				355	1,072	1,729	9	25	31	19	55	88	22	138	208
Greece	198	1,125	1,680	14	62	34				165	936	1,444				5	16	27	14	111	175
Guatemala	1	3	3							1	3	3									
Honduras	73	401	570				2	11	9	44	188	284	15	60	53	1	2	3	11	140	221
Hungary	2	2	3							2	2	3									
Iceland	13	34	38	3	7	4	1	2	2	6	16	24	3	9	8						
Indonesia	9	36	43	2	7	4				5	20	29	1	8	8				1	1	2
Iran	1	7	10							1	7	10									
Ireland	12	37	54							10	26	36				2	11	18			
Israeli	24	117	166	2	17	11				22	100	155									
Italy	547	3,278	4,419	73	653	451	4	33	28	335	1,638	2,478	9	35	38	17	72	119	109	847	1,305
Japan	548	2,775	4,097	15	77	81				469	2,170	3,221	2	12	18	5	22	36	57	494	741
Korea	10	45	66	2	3	4				8	42	62									
Liberia	145	1,438	2,277	1	6	9				63	410	619							81	1,022	1,649
Mexico	31	154	221							7	18	19	3	6	7	1	6	8	20	124	187
Morocco	5	15	22							4	14	20				1	1	2			
Netherlands	501	2,954	3,855	98	731	604				293	1,588	2,278				2	4	7	108	631	906
Nicaragua	3	5	7							3	5	7									
Norway	998	5,882	8,949	32	133	89	2	4	2	577	2,257	3,520	22	68	67	17	74	102	348	3,346	5,169
Panama	533	3,834	5,765	19	154	116				268	1,457	2,179	5	14	16	25	98	165	216	2,111	3,289
Peru	23	87	115	4	22	23				16	57	80				1	3	5	2	5	7
Philippines	22	87	118	4	11	8				15	67	97				3	9	13			
Poland	60	244	340	1	14	6				47	191	284	3	10	9	7	14	20	2	15	21
Portugal	90	415	534	19	144	115				64	212	332							7	59	87
Rumania	8	32	39	1	7	2				7	25	37									
Spain	273	1,008	1,341	40	211	167				193	606	909	1	6	6	12	35	52	27	150	207
Sweden	596	2,306	3,437	33	206	184				439	1,207	1,918	14	53	58	42	202	300	68	638	977
Switzerland	25	121	191							23	107	169							2	14	22
Syria	1	1	2							1	1	2									
Thailand	7	12	18	1	3	3				5	8	13							1	1	2
Turkey	114	402	532	31	124	101				75	233	361				2	4	5	6	41	65
Uruguay	8	48	74	2	10	11				4	18	30							2	20	33
U. S. S. R.	487	1,489	1,951	70	351	257				353	926	1,394	11	38	47	16	30	46	37	144	207
Venezuela	52	162	229	3	4	4				11	31	43				3	10	23	35	117	159
Yugoslavia	55	225	352	4	19	26				48	188	296				1	4	8	2	14	22
Unknown	5	20	30	1	3	4				4	17	26									

[1] Includes U. S. Government-owned ships transferred to the following flags under lend-lease or other agreements and still remaining under those registries by subsequent arrangements. For purpose of this table they have been excluded from those registries:

Total	91	545	823	1	5	5				87	522	790				2	11	17	1	7	11
Philippines	8	27	38							8	27	38									
U. S. S. R.	83	518	785	1	5	5				79	495	752				2	11	17	1	7	11

[2] Comprised of 48 combination passenger and cargo ships of 554,000 gross tons and 417,000 deadweight tons, 26 transports, hospital ships, etc. of 292,000 gross tons and 192,000 deadweight tons; 182 freighters of 1,478,000 gross tons and 1,426,000 deadweight tons originally constructed as cargo ships but converted to transports, hospital ships, etc.

[3] Includes 97 ships of 648,000 gross tons and 942,000 deadweight tons converted for use as store ships, repair ships, tenders, etc.

[4] Includes 10 ships of 54,000 gross tons and 65,000 deadweight tons converted for use as store ships.

[5] Includes 13 tank ships of 33,000 gross tons and 46,000 deadweight tons converted for use as distilling ships.

APPENDIX H

Ships Approved for Transfer to Alien Ownership and/or Registry and Flag, Fiscal Year 1953

	Number	Total gross tonnage	Average age
PRIVATELY OWNED			
Ships under 1,000 gross tons:			
Commercial craft (tugs, barges, fishing ships, etc.)	161	25,162	8.8
Pleasure craft (yachts, etc.)	76	3,155	8.6
Motorboats (under 5 tons)	218	1,090	3.3
Total	455	29,407	6.1
Ships of 1,000 gross tons and over:			
Tankers	14	88,302	20
Cargo	10	74,012	11.6
Cargo/passenger	3	13,274	26
Miscellaneous (schooners, dredges, barges, etc.)	5	10,732	19.2
New construction by United States shipyards for foreign-flag operation	5	181,750	
Total	37	368,070	15.4
GOVERNMENT-OWNED			
Cargo ships	5	29,975	18
Grand total	497	427,452	6.9

APPENDIX I

Cash and U. S. Government Securities on Deposit in Statutory Capital and Special Reserve Funds of Subsidized Operators, as at June 30, 1953

Operator	Capital reserve funds	Special reserve funds	Total
American Export Lines, Inc	$258,097.95	$2,277,327.58	$2,535,425.53
American Mail Line, Ltd	3,428,483.59	3,770,865.64	7,199,349.23
American President Lines, Ltd	9,793,999.00	7,053,463.09	16,847,462.09
Farrell Lines, Inc	329,937.96	4,217,488.61	4,547,426.57
Grace Line Inc	19,463,844.99	6,240,635.59	25,704,480.58
Lykes Bros. Steamship Co., Inc	31,180,181.73	27,885,912.55	59,066,094.28
Mississippi Shipping Co., Inc	2,035,226.84	2,508,818.08	4,544,044.92
Moore-McCormack Lines, Inc	13,469,779.62	13,307,389.74	26,777,169.36
New York and Cuba Mail Steamship Co	5,323,783.12	277,549.71	5,601,332.83
The Oceanic Steamship Co	2,097,890.71	425,818.72	2,523,709.43
Pacific-Argentine-Brazil Line, Inc	1,042,420.00		1,042,420.00
Pacific Far East Line, Inc			
Pacific Transport Lines, Inc	35,570.00		35,570.00
Seas Shipping Co., Inc	930,694.23	2,352,870.37	3,283,564.60
United States Lines Company	1,135,543.61	3,249,436.96	4,384,980.57
Total	90,525,453.35	73,567,576.64	164,093,029.99

NOTE A.—Accrued mandatory deposits applicable to the resumption period (generally, Jan. 1, 1947, to Dec. 31, 1952), not included in the above, amount to approximately $34,000,000, comprised of $13,000,000 applicable to capital reserve funds (depreciation) and $21,000,000 applicable to the special reserve funds (excess profits). In some instances conditional deferments were granted with respect to these accruals.

NOTE B.—Contingent assets as reported by nine subsidized operators, represented by deferred operating-differential subsidy receivable, amounted in the aggregate, as of June 30, 1953, to approximately $65,800,000. In contrast, the records of the Maritime Administration reflected an aggregate amount of approximately $107,900,000 applicable to 14 operators (see exhibit 1).

APPENDIX J

Claims on Hand June 30, 1953

Office	In favor of United States		Against United States	
	Number	Amount	Number	Amount
Division of Claims	388	$3,128,009	35	$185,720
Office of the General Counsel:				
Unlitigated	140	3,556,545	32	1,614,477
Transferred to Dept. of Justice for litigation	146	16,604,602	1,014	343,388,607
Total	286	20,161,147	1,046	345,003,084
Office of the Comptroller	346	2,750,423	454	7,399,030
Office of Ship Operations			1	46,657
Grand Total	1,020	26,039,579	1,536	352,634,491

Claims Settled Under the Suits in Admiralty Act, Fiscal Year 1953

Office	In favor of United States			Against United States		
	Number	Amount claimed	Amount paid	Number	Amount claimed	Amount paid
Office of the General Counsel	9	$338,866	$150,726	59	$1,368,322	$290,936
Office of the Comptroller				282	3,409,170	1,342,016
Total	9	338,866	150,726	341	4,777,492	1,632,952

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